

# **Creating a Manageable Path... ...to HIPAA Compliance**



## **Program Management Plan Phase 3 – Fiscal Year 2002-03**

**California Department of Health Services  
Office of HIPAA Compliance**

**January 17, 2003**

# Table of Contents

<b>READERS GUIDE .....</b>	<b>1</b>
<b>PROGRAM CHARTER .....</b>	<b>3</b>
<b>PROJECT MANAGEMENT APPROACH .....</b>	<b>9</b>
<b>WORK BREAKDOWN &amp; WORK ESTIMATES .....</b>	<b>13</b>
Scope Statement .....	14
Work Allocation .....	14
<b>OHC ORGANIZATION &amp; KEY STAFF .....</b>	<b>17</b>
Responsibility Matrix .....	18
<b>KEY RISKS .....</b>	<b>22</b>
<b>KNOWLEDGE AREA PLANS .....</b>	<b>24</b>
Managerial Process Summary .....	24
Program Integration Management - <i>Change Management</i> .....	28
OHC Needs & Objectives .....	28
Foundations and Best Practices .....	29
Operational Model .....	29
Life Cycle Responsibilities .....	33
Program Integration Mgmt - <i>Plan Development &amp; Execution</i> .....	35
OHC Needs & Objectives .....	35
Foundations and Best Practices .....	35
Operational Model .....	35
Program Scope Management .....	37
OHC Needs & Objectives .....	37
Foundations & Best Practices .....	37
Operational Model .....	37
Life Cycle Responsibilities .....	41
Program Time Management .....	43
OHC Needs & Objectives .....	43
Foundations & Best Practices .....	43
Operational Model .....	43
Life Cycle Responsibilities .....	47
Program Cost Management .....	49
OHC Needs & Objectives .....	49
Foundation & Best Practices .....	50
Operational Model .....	50



## OHC PM PLAN

---

Life Cycle Responsibilities .....	54
Program Quality Management .....	56
OHC Needs & Objectives.....	56
Foundations & Best Practices .....	56
Operational Model.....	56
Life Cycle Responsibilities .....	58
Program Human Resource Management .....	60
OHC Needs & Objectives.....	60
Foundations & Best Practices .....	60
Operational Model.....	62
Life Cycle Responsibilities .....	66
Program Communications Management .....	67
OHC Needs & Objectives.....	67
Foundations & Best Practices .....	68
Operational Model.....	68
Life Cycle Responsibilities .....	74
Program Procurement Management.....	75
OHC Needs & Objectives.....	75
Foundations & Best Practices .....	76
Operational Model.....	76
Life Cycle Responsibilities .....	83
Program Risk Management .....	85
OHC Needs & Objectives.....	85
Foundations & Best Practices .....	85
Operational Model .....	87
Life Cycle Responsibilities .....	90
<b>REVISION HISTORY .....</b>	<b>91</b>
<b>APPENDICES .....</b>	<b>92</b>
Appendix 1 – DHS Organization and Impact .....	92
Appendix 2 – DHS HIPAA Position Paper Impact .....	92
Appendix 3 – OHC Organization Chart.....	92
Appendix 4 – DHS HIPAA Funded State Positions .....	92
Appendix 5 – Issue / Change Management Procedures.....	92
Appendix 6 – Milestone Detail Example .....	92
Appendix 7 – Initial Stakeholder Analysis .....	92

## Readers Guide



PMI® Best  
Practices  
Employed

The following is a short orientation to this document, since the concept of a Project Plan is not well known outside the Project Management world. This plan is modeled after a Project Management Plan suggested by the Project Management Institute (PMI®), a recognized leader in project management practice.

In the world of project management a Project Management Plan is created in response to a Charter. The Charter is a document created to authorize a project or a collection of projects (program). Generally this document is created by someone outside of the project and it defines the goals of the project.

The Project Management Plan is constructed to illustrate how this chartered project is effectively managed to achieve the goals described in the Charter. Additional elements of the plan speak to how the Office of HIPAA Compliance (OHC) operates, including how subordinate work are managed.

Due to the complexity, size, and length of this Charter, California's Department of Health Services (DHS) HIPAA compliance effort is referred to as a Program, rather than as a Project. The plan for this effort is referred to as the Program Management Plan (PM Plan) and the Charter is referred to as the Program Charter.



The Program Charter included below clearly defines the purpose and scope of OHC within DHS. The accumulation of all DHS HIPAA compliance efforts, including numerous projects, comprises the DHS HIPAA Compliance Program. Because OHC manages these broad efforts, the term *Program Management Office* is used to describe OHC as a management entity.

PMI® describes generic contents for Project Management Plans in the PMBOK. These contents can be aggregated into four sequential parts, which are not represented in the formal structure of the plan. These parts, in sequential order are...

**The Charter** – This inserted document is included so that the reader of the plan understands the original intent of the project or program from the view of the person authorizing the project.

**The Summary View** – This part starts with the Project Management Approach section and ends with the Key Risks section. This is essentially a distilled view of key information such as the Project Management Approach, Scope Summary, High Level Resource Assignments, and Cost Summary.

**The Detail View** – This part starts with the *Knowledge Area Plans* section. Below this are the nine “knowledge areas” of project management that PMI recognizes. These detailed “how to” sections of the plan speak to how OHC operates, including how subordinate work is managed. This detail view can also contain specialized technical management approaches that are relevant to the endeavor.

**The Appendices** – This area is used to capture any other relevant background documents or process support tools.

This document is intended to be a living plan, capturing and adapting to change in an organized manner. A revision history is provided at the end of this PM Plan.

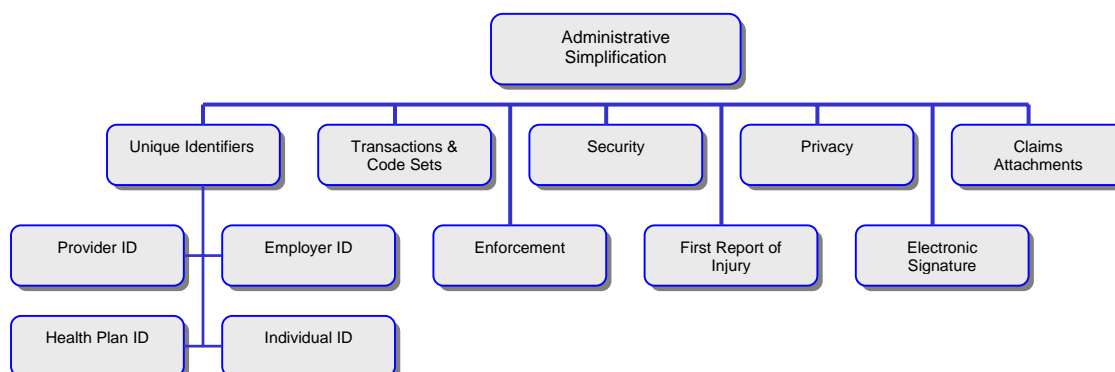
## Program Charter

HIPAA is Federal Law. Compliance starts in 2003. DHS is Significantly Impacted.

The Health Insurance Portability and Accountability Act (HIPAA) was presented to Congress as the Archer/Kassenbaum-Kennedy Bill (HR 3103) and signed into law on August 21, 1996 (PL104-191). HIPAA helps beneficiaries maintain group health insurance coverage even when they change jobs. The law also outlines a process to achieve uniform national health data standards and health information privacy in the United States.

The different HIPAA regulations are illustrated in Figure 1. These “Administrative Simplification” regulations require all health care entities covered by HIPAA organizations to standardize the way they transmit and code health information for billing and record keeping purposes, and to protect the privacy of that information.

**Figure 1: The HIPAA Regulation Set**



HIPAA regulations impact many organizations, including DHS, with significant business and technology change. Effective management of these changes across the Department requires centralized management. OHC was established in July 2000 to meet this challenge. This OHC HIPAA Program Management Plan was developed to implement project management best practices. It allows OHC to consider areas of potential risk and ensure no adverse impact to patient care, continued reimbursement to providers, and continued federal reimbursement.

The span of control for OHC includes all work efforts within DHS towards HIPAA compliance goals including policies related to HIPAA compliance. In concert with this span of control, OHC is the management entity that has direct financial responsibility for DHS compliance efforts. This level of financial responsibility allows for management of solution efficiencies and helps assure project

OHC's  
Financial  
Responsibility  
... a Key  
Element of  
HIPAA  
Success

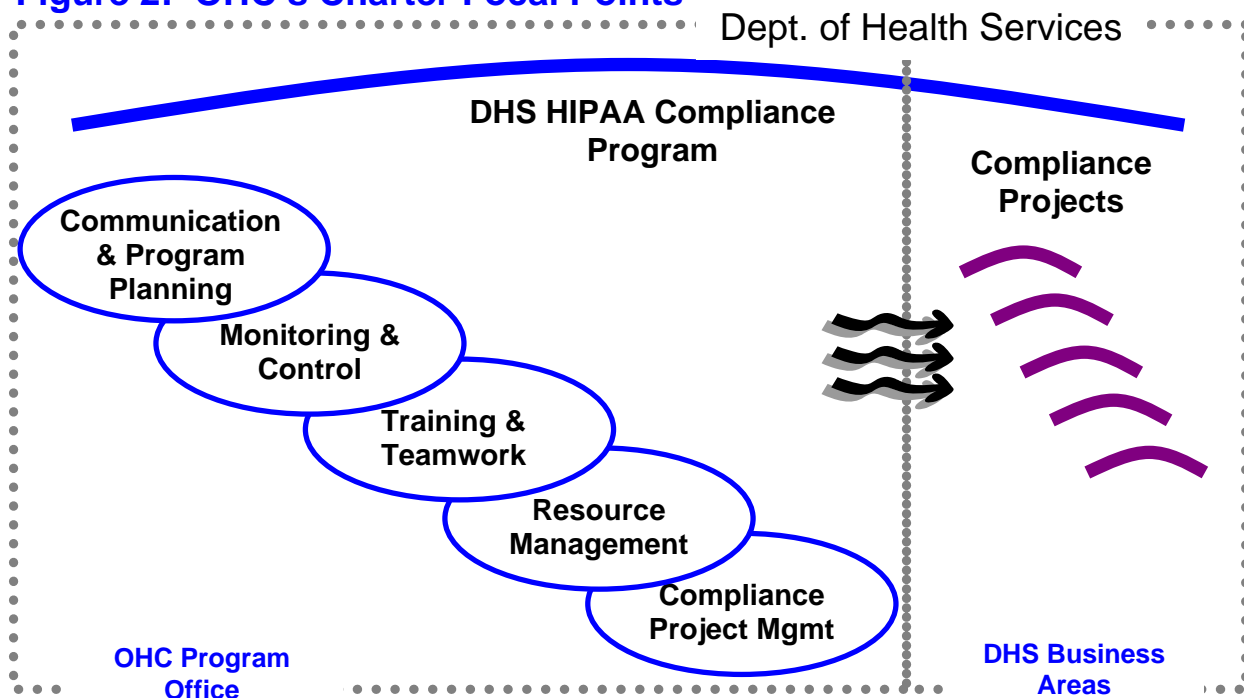
performance to stated objectives. In essence, responsibility for funding is critical to OHC's ability to exercise program management.

Due to the broad variety of funding channels at DHS, direct financial responsibility for all HIPAA compliance efforts (e.g., Fiscal Intermediary efforts) is not always feasible. Additionally, financial responsibility works when OHC exercises a management philosophy that focuses only on what is required to keep the program on track and avoids unnecessary operating detail.

Figure 2 illustrates the five charter focal points assumed by the OHC Program Management Office. These focal points are...

- ✓ **Communication & Program Planning**– across the various stakeholders inside and outside of DHS and the Health and Human Services Agency (HHS)
- ✓ **Monitoring & Control** – Department-wide HIPAA project performance monitoring and control, including financial control

**Figure 2: OHC's Charter Focal Points**



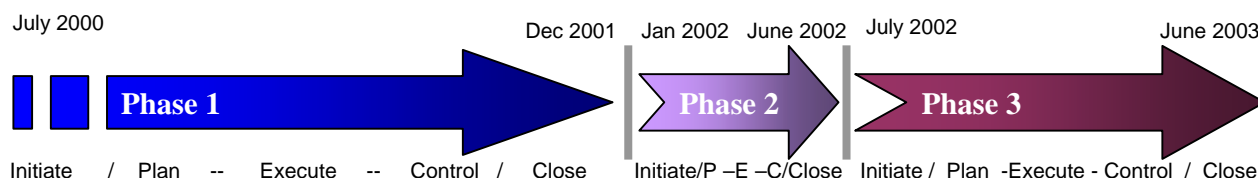
- ✓ **Training & Teamwork** – providing facilitative aids, training, and team building support to HIPAA resources performing under the purview of OHC
- ✓ **Resource Management** – providing resources, procurement, and contract management to assist organizations under the purview of OHC in performing HIPAA compliance work



- ✓ **Compliance Project Management** – providing project management to manage DHS HIPAA compliance activities and projects

As illustrated in Figure 3, the first phase of OHC's life completed on December 2001 and a new phase (Phase 2) of HIPAA compliance management began in January 2002 with a focus on planning for Phase 3. This Charter defines the goals of Phase 3 (Fiscal Year 2002-03), setting the stage for subsequent phases to complete HIPAA compliance (e.g., Phase 4, 5, and so on). OHC will be re-chartered for work in each fiscal year until all DHS HIPAA compliance efforts are complete.

**Figure 3: OHC's Life - Initial Program**



In Phase 1...  
OHC...  
illustrated  
national  
recognition in  
HIPAA  
compliance  
leadership

Phase 1 was the foundation phase for HIPAA compliance work in California. This phase was focused on strategic planning, organizational awareness and education, initial assessments of impact, initial compliance design, and initial compliance implementation efforts. Because the Transactions and Code Sets (TCS) regulation was the first to be released, much of the compliance design and implementation effort was focused on TCS compliance.

During Phase 1, OHC was tasked with understanding the impact of HIPAA, creating an approach to manage that impact, and starting down the path of compliance. OHC met this challenge and illustrated national recognition in HIPAA compliance leadership. This performance was provided by a very capable and innovative team of managers and health care experts. A key to their success has been an appreciation for the impact on DHS business and program areas and the people who work there.

Phase 2  
focused on  
Planning... for  
aggressive  
compliance  
efforts ... in  
Phase 3.

Phase 1 set the stage for expanding the responsibility of OHC. In recognition of this enhanced responsibility, Phase 2 focused primarily on planning and preparation for the completion of aggressive compliance efforts starting in Phase 3. Phase 2 allowed for limited resources to be applied to HIPAA compliance, due to budget constraints within DHS and across California government. These efforts included the following key work products and tasks...



- ✓ **OHC Program Management Plan** – Defined the baseline PM Plan in complete detail to support the OHC Charter and well managed DHS HIPAA compliance efforts across the enterprise. Complete the PM Plan to accomplish Phase 3 objectives.
- ✓ **TCS Regulation Compliance Project Plan** – Built the TCS project plan for Program Phase 3 work.
- ✓ **Privacy Regulation Compliance Project Plan** – Defined the plan that describes the work required for compliance and how this work will be accomplished to meet the April 2003 compliance deadline.
- ✓ **Establish an Operational OHC Program Office** – Provided the infrastructure, methods, tools, and human resources required to support OHC's management responsibilities across DHS.

Phase 3 started at the beginning of Fiscal Year 2002-03. The late signature of the budget resulted in a delayed restart of the compliance projects. This phase focuses on compliance activities for the three final rules:

- Privacy (compliance date: April 14, 2003)
- TCS (compliance date: October 16, 2003)
- National Employer ID (compliance date: July 30, 2004)

The work to become compliant with TCS is complex, due to the extensive effort required to convert over 8,000 local codes. Because of this issue, separate projects for Transactions and Code Sets have been created in Phase 3 to meet the TCS compliance requirements. The Transactions project focuses on the systems and programs that are directly impacted by the standard transactions required by HIPAA. The Code Sets project focuses on local code conversions, as well as the systems and programs that are impacted by data content resulting from code changes.

It is also anticipated that during Phase 3, other final rules (e.g., Security) and proposed rules (e.g., Attachments) will be published.

In Phase 3, Rich Bayquen, Chief Deputy Director of Medi-Cal and Administration, has agreed to be the executive sponsor of the HIPAA program. Program and project sponsorship includes ownership and responsibility for the success of program and project performance. Executive DHS sponsorship allows for executive ownership and authority, which is essential to bridging the many business units impacted by HIPAA. This sponsorship is critical to our success.

The DHS organization is illustrated in Appendix 1. This chart shows the HIPAA impact on program and support areas within DHS. The Deputy Directors of the significantly impacted areas are part of the DHS HIPAA Steering Committee led by Chief Bayquen. This Steering Committee is schedule to meet biweekly.

Michelle Marks, Acting Chief of OHC, functions as the Program Manager and reports to the DHS HIPAA Steering Committee. Michelle took over this role from Judy Gelein, who left OHC in November 2001. The strong state staff and documented project management methodologies and plans have allowed for a smooth transition of the Program management responsibilities.

Another important task occuring in Phase 3 is the legal review of the program area covered entity determinations, based on the initial assessments performed in Phase 1. To date, it has been determined that DHS is a:

- ✓ Covered Entity Health Plan
- ✓ Covered Entity Provider
- ✓ Business Associate
- ✓ Trading Partner
- ✓ Impacted by Data Content

Appendix 2 provides more detail regarding the HIPAA impact throughout the Department. A listing of all DHS program areas and their status as a covered entity, business associate, or impact by data content is included.

Finally, communication with stakeholders is increasingly important as DHS moves towards HIPAA compliance. OHC has named a Communications Manager, Tara Naisibitt, and formed a team to focus on timely, consistent, and accurate communications. OHC has a broad base of stakeholders, including those illustrated in Figure 4, who have an interest in the success of DHS HIPAA compliance efforts. OHC is developing a Communications Plan to ensure these stakeholder needs are addressed.

**Figure 4: OHC's Stakeholder Community**



Many factors influence the operating philosophy, responsibilities, and scope of work for OHC. These factors are embodied in this Charter and resultant PM Plan for OHC. A guiding principle for OHC is to support the repeated success of every HIPAA project. This will be accomplished through the development of accepted standards, practices, and a common set of project completion / reporting criteria. This PM Plan is used to support the specific tasks and dates reported in the E2E project plans, CalOHI Implementation Schedules, etc. OHC is also working to procure a Management System Tool to automate the capture and reporting of project completion criteria. Utilizing a common set of completion criteria for project reporting allows for management to enterprise-wide HIPAA compliance goals. This form of management to goals assures that DHS HIPAA funds are spent appropriately and the required work is accomplished when expected.

OHC is responsible for centralized management of all HIPAA compliance activities across DHS. This work received HIPAA compliance funding for the Fiscal Year 2002-03. All of this budget is managed through OHC.

## Project Management Approach

Figure 5 illustrates how OHC initiates HIPAA compliance projects, through “Charters”. Charters for OHC’s *Primary* projects (e.g., Transactions, Code Sets, Privacy) each bear partial responsibility for contributing to each of the five Charter focal points for OHC. Each of these *Primary* project managers charter subordinate projects.

These chartered subordinate projects represent “end-to-end” compliance efforts, which include both business and technical compliance. End-to-end (*E2E*) projects are often comprised of multiple endeavors that are executed in a variety of business environments (e.g., EDS, ITSD, Program Areas).

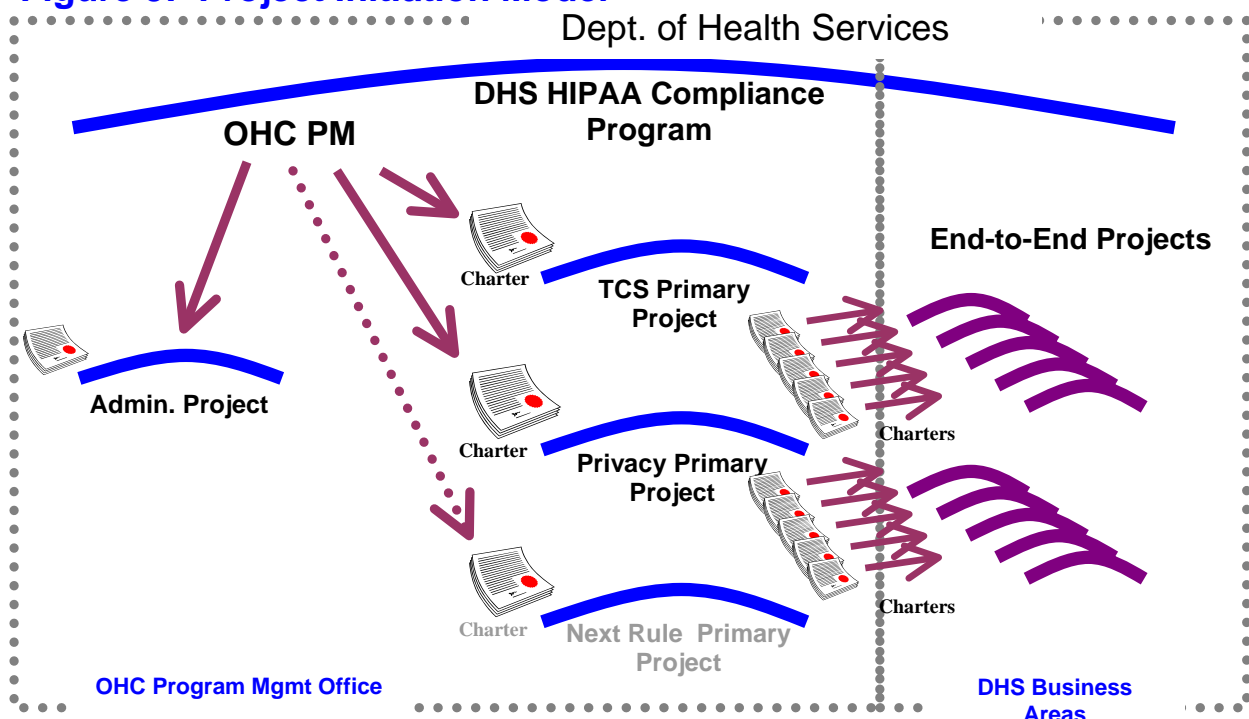
Integration of these compliance efforts is essential to a successful compliance program. OHC charts these *E2E* projects and assigns leadership responsibility for each one. OHC can also charter internal or “Administrative” projects to accomplish such goals as internal planning. Much of this work can also be accomplished through operational task management.

Managers of *E2E* projects are responsible for assembling the appropriate resources for their project (e.g., people & organizations). This may also require the creation of subordinate project charters and formally allocating performance responsibilities.

All projects follow PMI’s® Process Model

- Initiation
- Planning
- Execution
- Control
- Closure

**Figure 5: Project Initiation Model**



A *Work Request* is created... reviewed by OHC ... and a Chartered Project established if appropriate.

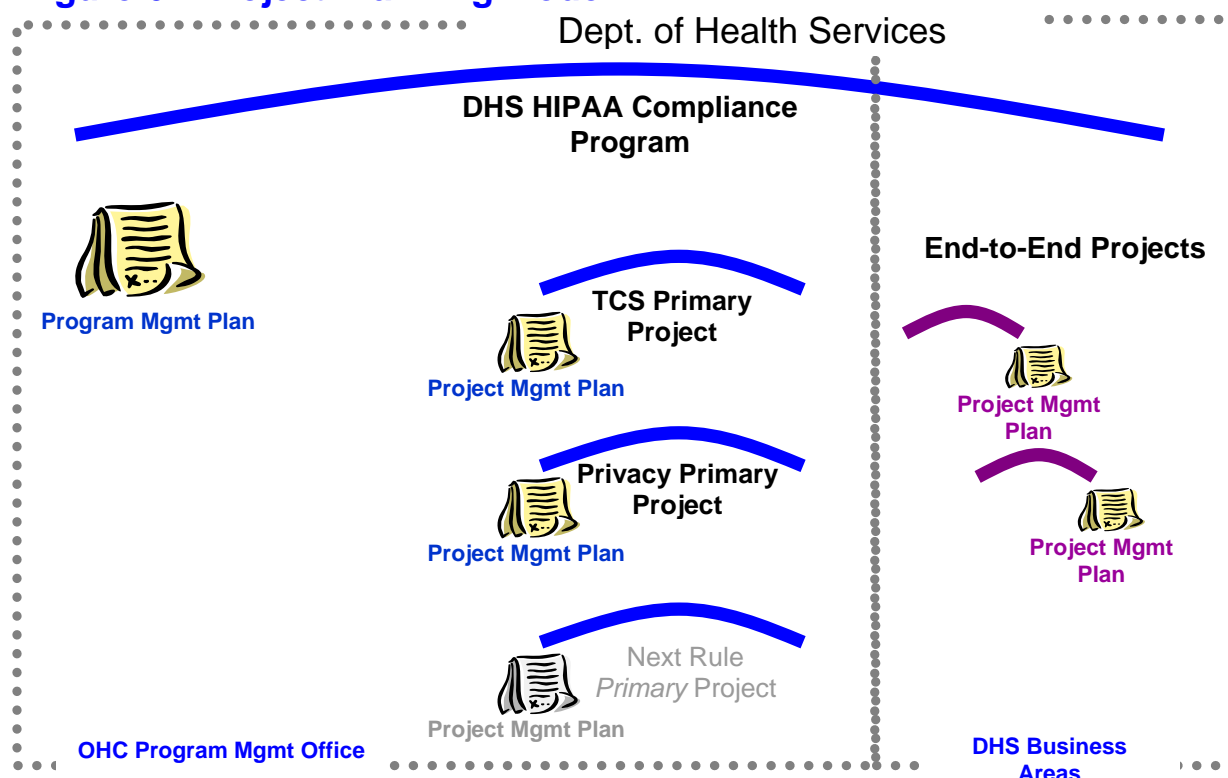
All *E2E* projects are chartered following the creation of an OHC *Work Request*. The *Work Request* justifies and defines the work to be accomplished using a common set of performance milestones. Each performance milestone has funding allocated in accordance with work and cost estimates.

Because all *E2E* projects are accomplished in phases, the chartering of each project iterates across these phases. This allows information on scope for the next phase to be defined in the current phase. This is a common and appropriate mechanism for creating incremental certainty in a project. This also means that funding for each *E2E* project is incremental in nature. Although initial overall *E2E* work estimates are defined at project initiation, these estimates are updated at each phase to a more appropriate baseline.

OHC reviews HIPAA compliance *Work Requests* and charter appropriate projects (e.g., *E2E* projects). Each Charter defines the scope of work for the *E2E* project as well as funding allocated to the common performance milestones, in accordance with original work and cost estimates. This process supports downstream project monitoring and control efforts.

*Work Requests* are initiated through a variety of avenues including the OHC Incident Management System. Anyone within DHS can submit a

**Figure 6: Project Planning Model**



*Project Issue*, which can initiate the need for a *Work Request*.

Figure 7 illustrates the project planning model that OHC utilizes to manage HIPAA compliance projects. This model indicates that detail project plans are created, owned, and executed within the projects subordinate to OHC. An overall “end-to-end” project plan is required from the project manager assigned to lead each of the *E2E* projects.

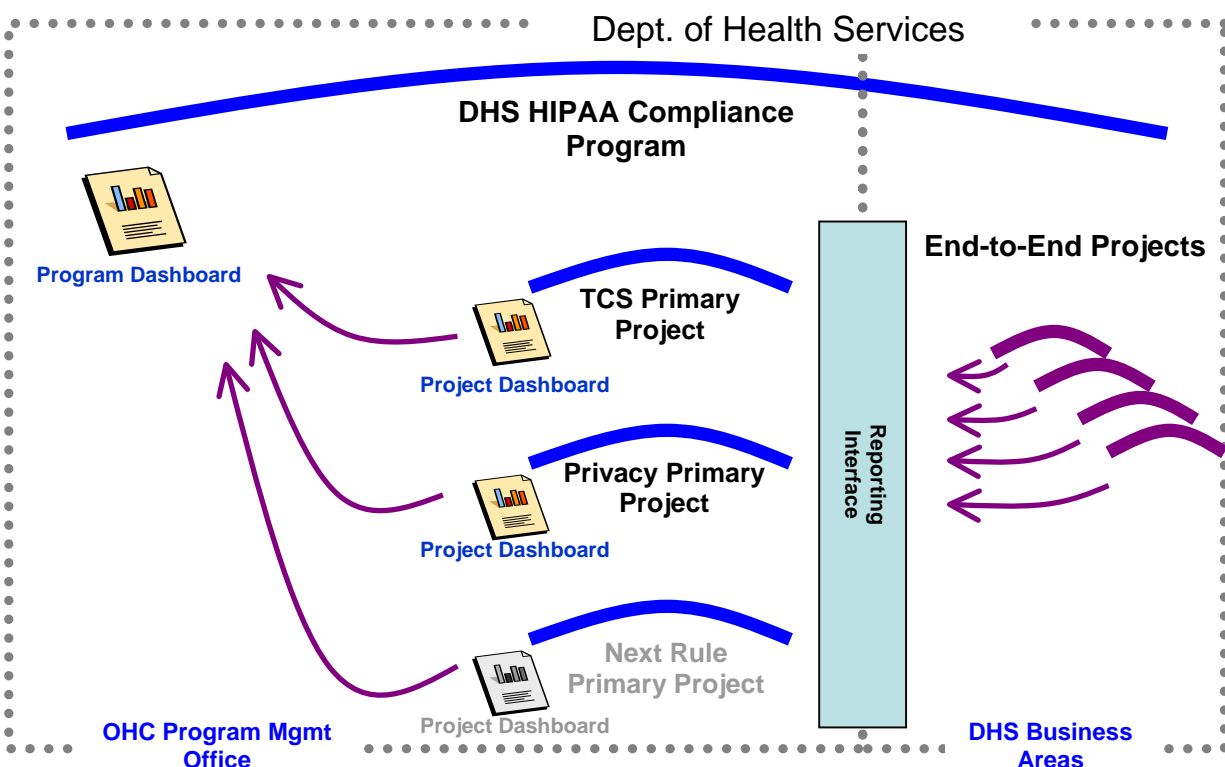
These *E2E* project plans integrate with the appropriate OHC Project Plan (e.g., TCS Project Plan) to assure integration of monitoring, control, change management, communication, and other supportive project processes. These plans, including the OHC PM Plan, are PMI-compliant project plans to support interproject coordination and management.

*Stones...*  
a common set  
of completion  
criteria  
(e.g. HIPAA  
Compliance  
Milestones)

Subordinate to each *E2E* plan are project plans for the various contributors to the *E2E* project. OHC does not manage to these more detailed plans (e.g., for EDS, ITSD, or Program Areas). Instead, OHC manages to a common set of completion criteria or milestones.

Each *Primary* project under the purview of OHC (e.g., Transactions, Code Sets, Privacy) defines common completion criteria or milestones for performance reporting of subordinate *E2E* projects. Figure 7 illustrates a *Reporting Interface* to OHC that each *E2E* project must

**Figure 7: Project Monitoring & Control Model**



report to. This model allows subordinate projects to maintain project plans and implementation methodologies that are specific to their needs. Care is taken in the creation of the reporting milestones (*Stones*) to accommodate existing lifecycles and development processes in areas most affected by HIPAA compliance demands.

Managers of *E2E* projects negotiate the assignment of responsibility for each *Stone*. This responsibility includes defining the expected completion date and work for that *Stone*. The individual with assigned responsibility for a *Stone* is responsible for achieving and reporting this completion to a reporting interface supplied by OHC.

Dashboards summarize...  
*Stone*,  
Financial,  
Risk, & Issue  
Management  
Info

Figure 7 illustrates the concept of a Project and Program Dashboard. The Dashboards represent “at-a-glance” views of project and program performance. These dashboards minimally demonstrate metrics on *Stone* completion, financial performance, risk management, and issue management.

When *E2E* projects are completed, the responsible project manager is required to submit an OHC Project Closure Summary, using a template supplied by OHC. This closure summary is reviewed by OHC and the project is closed if appropriate. This action also allows OHC to recognize successful completion of projects and the efforts of staff and organizations who contributed to success (see knowledge area plans for details).

OHC and the OHC Program Manager are responsible for the following OHC business objectives:

- |   |  |
|---|--|
| ✓ Establish centralized management of the DHS HIPAA compliance efforts                                | ✓ Establish a centralized process for funding requests, contracts, and financial reporting         |
| ✓ Achieve HIPAA compliance required for Transactions and Code Sets                                    | ✓ Achieve HIPAA compliance required for Privacy  |
| ✓ Achieve HIPAA compliance required for upcoming rules  | ✓ Enable the coordination of efforts for FIs, ITSD and Program Areas                               |
| ✓ Take a leadership role for HIPAA compliance within DHS  | ✓ Achieve added efficiencies through the use of standardized EDI transactions                      |
| ✓ Take a leadership role for HIPAA compliance across government agencies and the health care industry | ✓ Meet federal HIPAA mandates and continue to obtain maximum Federal Financial Participation (FFP) |
| ✓ Work effectively with business partners   | ✓ Avoid federal non-compliance penalties   |
| ✓ Protect the integrity, security and privacy of health care information                              | ✓ Utilize HIPAA compliance to improve DHS business operations                                      |



## Work Breakdown & Work Estimates

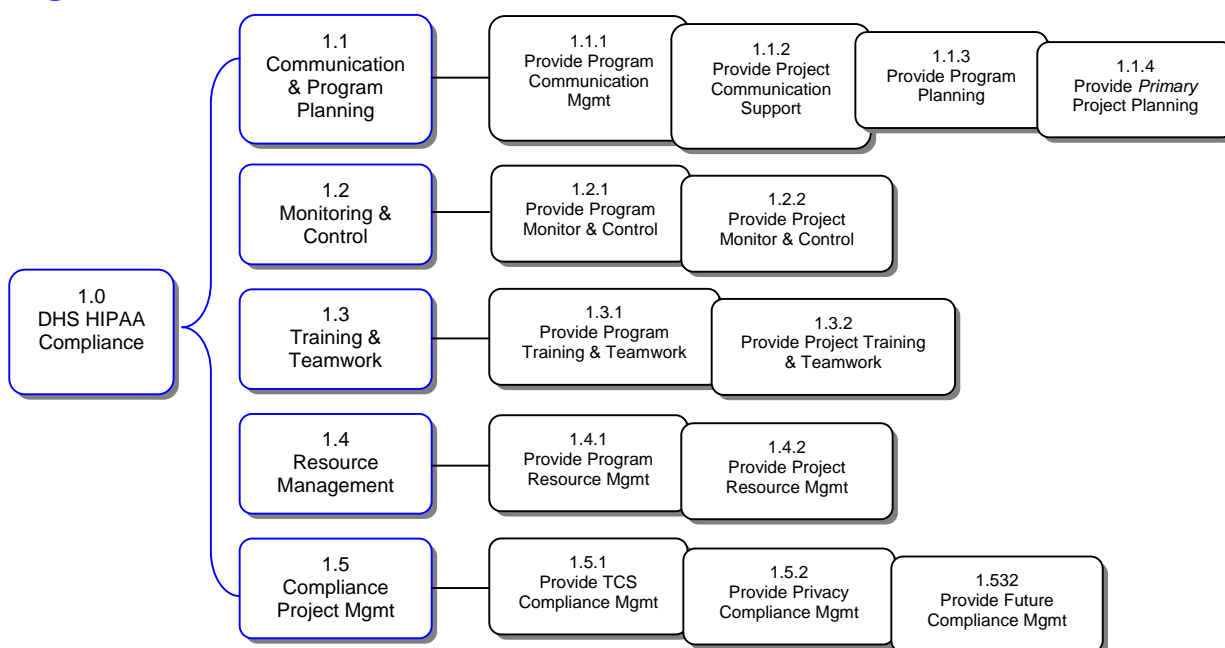
All of OHC's work is allocated into the five "Focal Point" areas presented above in the Charter. These five focal points are...

- ✓ **Communication & Program Planning** – across the various stakeholders inside and outside of DHS and the HHS Agency.
- ✓ **Monitoring & Control** – Department-wide HIPAA project performance monitoring and control, including financial control.
- ✓ **Training & Teamwork**– providing facilitative aids and training to HIPAA resources performing under the purview of OHC.
- ✓ **Resource Management** – providing resources, procurement, and contract management to assist organizations under the purview of OHC in performing HIPAA compliance work.
- ✓ **Compliance Project Management** - providing project management to manage DHS HIPAA compliance activities and projects.

OHC's work is deliverable based & described in manageable work packages

Figure 8 illustrates the work breakdown structure using the five focal points and key Phase 3 objectives. These work elements are described in Table 1 to illustrate broad work objectives and responsibilities. Budget information will be added once contracts have been encumbered. For conflict of interest reasons, this information is not provided in this document.

**Figure 8: Initial Work Breakdown**



## Scope Statement

OHC's scope is well defined in the Charter associated with this PM Plan. The Charter outlined the five focal points for OHC's attention and declared the following...

*"OHC is responsible for centralized management of all HIPAA compliance activities across the Department of Health Services. This work received \$64.4M in HIPAA compliance funding for the 2002-03 Fiscal Year. All of this budget will be managed through the Office of HIPAA Compliance."*

## Work Allocation

The work in Figure 8 is allocated as illustrated in Table 1. Budget allocations will be completed in this table once contracts are in place. Due to conflict of interest reasons, estimates at this level are not provided in this document.

**Table 1: Work Allocation Table**

Work ID	Work Description	State Support Budget	Work Package Responsibility	Period of Performance
1.1 Communication & Program Planning	<b>See Work Descriptions Subordinate Work ID's</b>	---	Communication & Program Planning Manager	July 1, 2002 to June 30, 2003
1.1.1 Provide Program Communication Mgmt	<b>Build, Maintain, and Operate OHC's Communication Plan and Infrastructure for Program Communication Management</b>	TBD	Communication & Program Planning Manager	July 1, 2002 to June 30, 2003
1.1.2 Provide Project Communication Support	<b>Build, Maintain, and Operate OHC's Communication Plan and Infrastructure for Project Communication Management</b>	In Primary Project Budgets	Communication & Program Planning Manager	July 1, 2002 to June 30, 2003
1.1.3 Provide Program Planning	<b>Build, Maintain, and Operate the OHC's Program Management Plan for Phase 3. Build OHC's Program Management Plan for Phase 4.</b>	TBD	Communication & Program Planning Manager	July 1, 2002 to June 30, 2003

# OHC PM PLAN

Work ID	Work Description	State Support Budget	Work Package Responsibility	Period of Performance
1.1.4 Provide <i>Primary</i> Project Planning	<b>Build, Maintain, and Operate OHC's Primary Project Plans and subordinate E2E plans for Phase 3. Build OHC's Primary Project Plans and subordinate E2E plans for Phase 4.</b>	In <i>Primary</i> Project Budgets	Communication & Program Planning Manager	July 1, 2002 to June 30, 2003
1.2 Monitoring & Control	<b>See Work Descriptions Subordinate Work ID's</b>	---	Monitor & Control Manager	July 1, 2002 to June 30, 2003
1.2.1 Provide Program Monitor & Control	Provide Program level support for Monitor & Control work. Provide OHC IV&V resources.	TBD	Monitor & Control Manager	July 1, 2002 to June 30, 2003
1.2.2 Provide Project Monitor & Control	Provide Project level support for Monitor & Control work. .	In <i>Primary</i> Project Budgets	Monitor & Control Manager	July 1, 2002 to June 30, 2003
1.3 Training & Teamwork	<b>See Work Descriptions Subordinate Work ID's</b>	---	Training & Teamwork Manager	July 1, 2002 to June 30, 2003
1.3.1 Provide Program Training & Teamwork	Provide Program level support for Training & Teamwork needs.	TBD	Training & Teamwork Manager	July 1, 2002 to June 30, 2003
1.3.2 Provide Project Training & Teamwork	Provide Project level support for Training & Teamwork needs.	In <i>Primary</i> Project Budgets	Training & Teamwork Manager	July 1, 2002 to June 30, 2003
1.4 Resource Management	<b>See Work Descriptions Subordinate Work ID's</b>	---	Resource Management Manager	July 1, 2002 to June 30, 2003
1.4.1 Provide Program Resource Mgmt	Provide Program level support for Resource Management work. Provide for Lease, Equipment, and other Miscellaneous expenditures.	TBD	Resource Management Manager	July 1, 2002 to June 30, 2003
1.4.2 Provide Project Resource Mgmt	Provide Project level support for Resource Management work.	In <i>Primary</i> Project Budgets	Resource Management Manager	July 1, 2002 to June 30, 2003

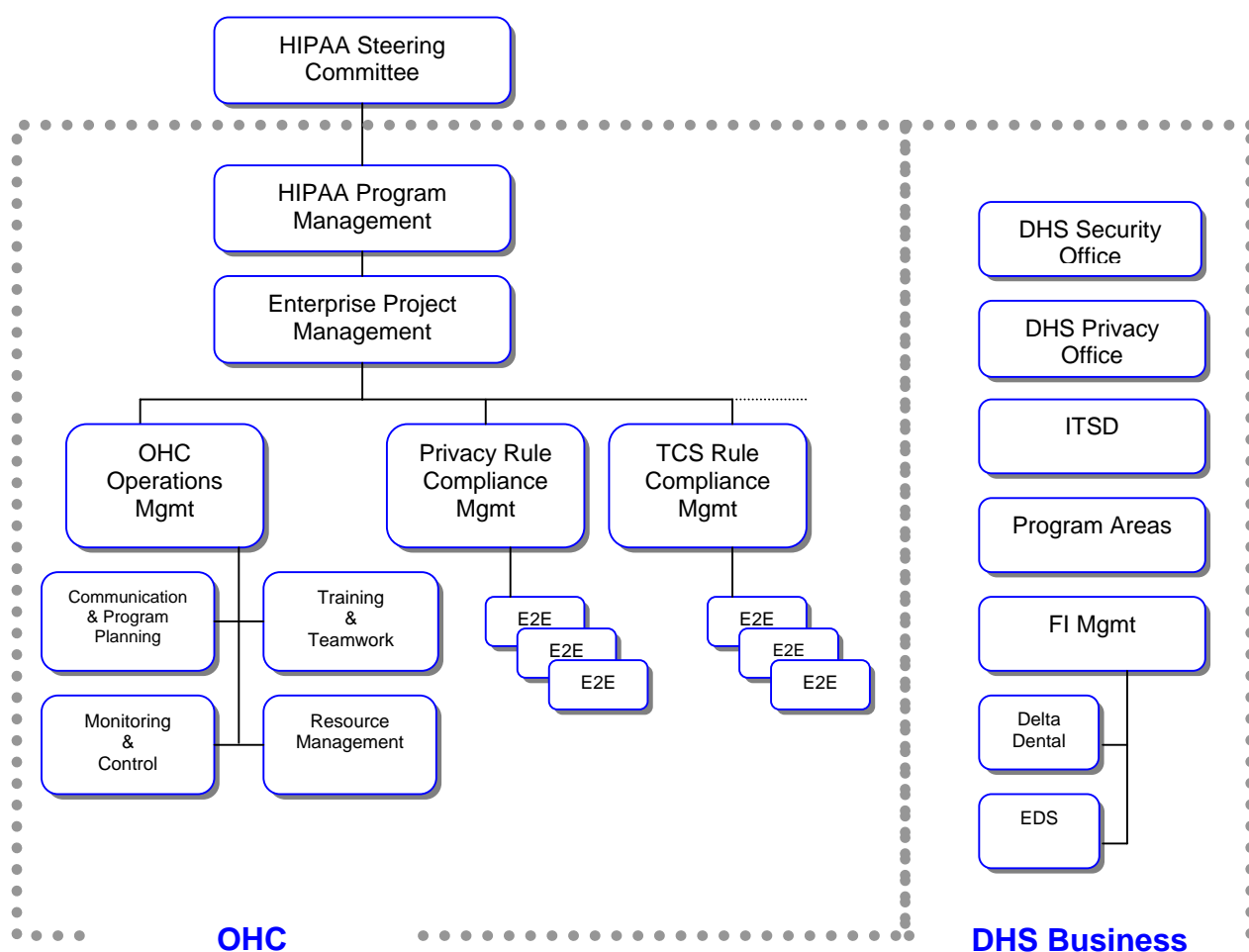
# OHC PM PLAN

Work ID	Work Description	State Support Budget	Work Package Responsibility	Period of Performance
1.5 Compliance Project Mgmt	<b>See Work Descriptions Subordinate Work ID's</b>		<i>Primary</i> Project Managers	July 1, 2002 to June 30, 2003
1.5.1 Provide TCS Compliance Mgmt	Manage TCS Compliance to OHC financial, performance, time and quality objectives. Support the work of all subordinate <i>E2E</i> projects and operational resources required under this PM Plan.	TBD	TCS <i>Primary</i> Project Manager	July 1, 2002 to June 30, 2003
1.5.2 Provide Privacy Compliance Mgmt	Manage Privacy Compliance to OHC financial, performance, time and quality objectives. Support the work of all subordinate <i>E2E</i> projects and operational resources required under this PM Plan.	TBD	Privacy <i>Primary</i> Project Manager	July 1, 2002 to June 30, 2003
1.5.3 Provide Future Compliance Mgmt	Prepare compliance management plans for future HIPAA rules released in 02/03 (e.g., Security, National Employer ID, & Claims Attachments).	TBD	To be named <i>Primary</i> Project Manager(s)	July 1, 2002 to June 30, 2003

## OHC Organization & Key Staff

OHC's state organizational chart is provided in Appendix 3, along with a listing of the state-funded DHS personnel in Appendix 4. It is important to note, however, that a functional organization has been created to ensure all components of program management have been addressed. This functional organization is illustrated in Figure 9 and demonstrates centralized management and resources for achieving DHS HIPAA compliance goals in Phase 3.

**Figure 9: Phase 3 OHC Functional Organization**



This functional organization can readily *flex* to meet the varying demands and constraints associated with HIPAA compliance within DHS. The ability to *flex* allows OHC to size its resources and efforts to a changing landscape of budget and work requirements. For example, it is possible to have an individual own and operate multiple functional units if OHC work for those units is small. These units can also grow in response to increasing work demands.

Compliance projects are organized around a standard set of completion criteria and a common set of management and resource needs. However, the various business areas impacted by HIPAA compliance projects have widely varying abilities to perform work. In response to this situation, the OHC organization provides the ability to procure resources or use “hands-on-workforce” resources to meet compliance work needs. This resource management function greatly fortifies OHC’s ability to achieve DHS HIPAA compliance goals.

OHC has defined the DHS HIPAA compliance initiative as an integration of business and technical change. Success of this initiative is premised on collaboration and teamwork between the various business units within DHS and OHC. These business units include the various impacted program areas as well as significant centers of system operation (e.g., Fiscal Intermediaries and ITSD).

The conceptual OHC organization illustrates an OHC management infrastructure that teams with resources from a broad variety of DHS business areas. Much of the ownership of HIPAA compliance is held by these various DHS business areas. OHC provides centralized management and coordination of efforts as well as supplementary resources to assure HIPAA compliance for DHS.

## Responsibility Matrix

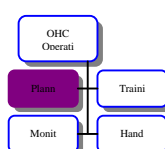
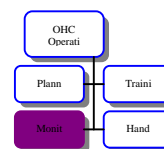
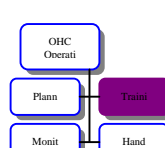
The general responsibilities of each significant OHC functional unit are described in Table 2. These responsibilities are derived from the knowledge area life cycles described in the *Knowledge Area Plans* section of this PM Plan. This allows for operational work described for each life cycle to be allocated to the functional unit primarily responsible for that work. Additional responsibilities beyond those described in the life cycles are also listed in Table 2.

**Table 2: Responsibility Matrix**

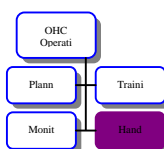
Resource(s)	Responsibilities
<b>DHS HIPAA Steering Committee:</b> <b>Rich Bayquen</b> , <i>Chief Deputy Director, Medi-Cal and Administration</i> <b>David Souleles</b> , <i>Chief Deputy Director, Public Health</i> <b>Gail Margolis</b> , <i>Deputy Director, Medical Care Services</i> <b>Kevin Reilly</b> , <i>Deputy Director, Prevention Services</i> <b>Greg Franklin</b> , <i>Deputy Director, Health Information and Strategic Planning</i> <b>Catherine Camacho</b> , <i>Acting Deputy Director, Primary Care and Family Health</i> <b>Roscoe Williams</b> , <i>Deputy Director, Information Technology Services Division</i> <b>Stan Rosenstein</b> , <i>Assistant Deputy Director, Medical Care Services</i> <b>Jerry Stanger</b> , <i>Chief, Payment Systems Division</i> <b>Bob Tousignant</b> , <i>Chief Administrative Law Judge</i> <b>Roberta Ward</b> , <i>DHS Privacy Officer</i> <b>Burt Cohen</b> , <i>Acting Director of the CA Office of HIPAA Implementation</i>	<ul style="list-style-type: none"> <li>✓ Oversight of the DHS HIPAA Compliance Program</li> <li>✓ Direction of the HIPAA Program Manager</li> </ul>
<b>HIPAA Program Management:</b> <b>Michelle Marks</b> , <i>Acting Chief of OHC</i>	<ul style="list-style-type: none"> <li>✓ Upward Management (e.g., DHS HIPAA Steering Committee and DHS Management)</li> <li>✓ Outward Management (e.g., Program Stakeholders)</li> <li>✓ Overall Responsibility for the success of the program</li> </ul>
<b>Enterprise Project Management:</b> <b>Julie Dittman</b> , <i>PMP, Enterprise Project Manager</i>	<ul style="list-style-type: none"> <li>✓ Achievement of the Program Charter</li> <li>✓ Coordination with the HIPAA Program Manager</li> <li>✓ Direction of the <i>Primary</i> Project Managers and Operations Manager</li> </ul>
<b>Operations Management:</b> <b>Policy Section Chief (currently Michelle Marks)</b>	<ul style="list-style-type: none"> <li>✓ Management of Operational Business Units (e.g., Communication &amp; Planning Operation, Training, Monitor &amp; Control, Resource Management)</li> <li>✓ Collaboration with <i>Primary</i> and <i>E2E</i> project managers to assure that their needs as customers are met</li> <li>✓ Support of the Enterprise Project Manager to assure that their needs are met</li> </ul>



## OHC PM PLAN

Resource(s)	Responsibilities
<p><b>Communication &amp; Program Planning</b></p> <p><b>Tara Naisbitt, Communications and Privacy Unit Chief</b></p> 	<ul style="list-style-type: none"> <li>✓ Maintenance of the Program Management Plan</li> <li>✓ Project initiation (e.g., through charters)</li> <li>✓ Funding Initiation &amp; Management</li> <li>✓ Creation &amp; Delivery of Budgets and Accounting Management (e.g., BCC's)</li> <li>✓ Creation &amp; Delivery of Project Control Documents (FSR's, SPR's)</li> <li>✓ Legislation Management</li> <li>✓ Program Communication – internal and external</li> <li>✓ Coordination among business units and between various state business entities and stakeholder organizations</li> </ul>
<p><b>Monitoring &amp; Control:</b></p> <p><b>Julie Dittman, Enterprise Project Manager</b></p> <p><b>This function is also supported by all state and contracted project managers.</b></p> 	<ul style="list-style-type: none"> <li>✓ Administration and establishment of program and project reporting tools</li> <li>✓ Control of all baseline <i>Stone</i> definitions and agreements</li> <li>✓ Program Office Change Management</li> <li>✓ Program Office Configuration Management</li> <li>✓ Tracking Key Program Metrics (e.g., Budget, Work, <i>Stone</i> Performance)</li> <li>✓ Construction of metric reports for various program and project management needs</li> <li>✓ Monitoring of Program Status and generation of appropriate status and action requests</li> </ul>
<p><b>Training &amp; Teamwork:</b></p> <p><b>This function is supported by all state and contracted project managers.</b></p> 	<ul style="list-style-type: none"> <li>✓ Provides guidelines, tools, templates and other aids to assist the program and <i>E2E</i> projects with accomplishment of program goals (e.g., Risk Management guidelines and tools)</li> <li>✓ Coordinates with Hands-on Workforce to assure appropriate support of project efforts</li> <li>✓ Education Curricula as required by the program</li> <li>✓ Internal Training for OHC team (e.g., new hire training)</li> <li>✓ External Training for DHS (e.g., for HIPAA Awareness, Rule Awareness)</li> <li>✓ Team Building &amp; Recognition</li> </ul>

## OHC PM PLAN

Resource(s)	Responsibilities
<p><b>Resource Management:</b></p> <p><b>Angie Johnson, Administrative and Operations Unit Chief</b></p> 	<ul style="list-style-type: none"> <li>✓ Meeting the Hands-on Workforce needs of the program</li> <li>✓ Development of Subject Matter Expertise Teams in response to program needs</li> <li>✓ Development &amp; Maintenance of Resource Pool and Resource Acquisition capabilities</li> <li>✓ Development of Action Teams in response to program needs (e.g., Assessment Team, Risk Management Team)</li> <li>✓ Responsibility for state personnel administration</li> <li>✓ Service Contracts</li> <li>✓ Statements of Work</li> <li>✓ Managing the procurement process</li> <li>✓ Physical resource contracts (e.g., lease space. Equipment)</li> </ul>
<p><b>Privacy Compliance Project:</b></p> <p><b>Tara Naisbitt, Communications and Privacy Unit Chief</b></p> <p><b>Susan Fanelli, Project Manager</b></p>	<ul style="list-style-type: none"> <li>✓ Achievement of the Privacy Rule Charter</li> <li>✓ Development and execution of a Privacy Compliance work plans</li> </ul>
<p><b>Transactions Compliance Project:</b></p> <p><b>Russ Hart, Information Technology Section Chief</b></p> <p><b>La Verne Self, PMP, Project Manager</b></p> <p><i>E2E Project Managers:</i></p> <p><b>David Bass</b></p> <p><b>Holly Gailey</b></p> <p><b>Amy McAllaster</b></p>	<ul style="list-style-type: none"> <li>✓ Achievement of the Transactions Charter</li> <li>✓ Charter subordinate Transactions E2E projects</li> <li>✓ Development and execution of Transaction Compliance work plans</li> </ul>
<p><b>Code Sets Compliance Project:</b></p> <p><b>Russ Hart, Information Technology Section Chief</b></p> <p><b>Sara Rivera, PMP, Project Manager</b></p>	<ul style="list-style-type: none"> <li>✓ Achievement of the Code Sets Charter</li> <li>✓ Charter subordinate Code Sets E2E projects</li> <li>✓ Development and execution of Code Sets work plans</li> </ul>

## Key Risks

The life cycle of risk management is defined later in this PM Plan (see *Knowledge Area Plans*). Executing this life cycle starts with identification and analysis of risks as well as mitigation planning for risks deemed as high risks. This section of the PM Plan is used to list those risks that have been identified and analyzed as high risks so far in Phase 3. Table 3 lists these risks and proposed mitigation actions that should be considered during this phase.

**Table 3: Key Program Risks**

Risk	Description	Impact	Mitigation
<b>Funding</b>	Funding variance, especially during periods of state deficits, can lead to wide variations in scope and ability to achieve compliance goals	<ul style="list-style-type: none"> <li>Creates startup lags</li> <li>Creates resource use inefficiencies</li> <li>Creates reduced ability to meet required deadlines</li> <li>Creates significant impact on state business partners</li> </ul>	<ol style="list-style-type: none"> <li>1. Build Flexible Work &amp; Mgmt Architecture</li> <li>2. Build flexible work and resource forecast models for planning</li> <li>3. Provide information and communication infrastructure to provide timely effective compliance information</li> </ol>
<b>Compliance Rule Changes</b>	Changes in Compliance rule objectives or deadlines have occurred and are likely to occur again. New rules may or may not appear in this fiscal year.	<ul style="list-style-type: none"> <li>Compliance projects may change in length and/or scope.</li> <li>Creates resource allocation problems; skill sets may or may not be staffed on the project when needed.</li> <li>May create the need to re-assess impact on DHS.</li> </ul>	<ol style="list-style-type: none"> <li>1. Continue participation at the national level and in the standards setting organizations to influence change that will help DHS.</li> <li>2. Build flexible project plans and a solid Change Management process to effectively implement and manage change.</li> <li>3. Hire state staff and contract staff that have broad HIPAA knowledge to assist in whatever HIPAA rule is published next.</li> </ol>

# OHC PM PLAN

Risk	Description	Impact	Mitigation
<b>Key Resources</b>	HIPAA Compliance work is dependent on a limited pool of knowledgeable and capable resources.	<ul style="list-style-type: none"> <li>Lengthens procurement process</li> <li>Limited pool of resources may result in increased costs to the project</li> <li>Creates potential staffing conflicts between projects</li> </ul>	<ol style="list-style-type: none"> <li>1. Use of the HIPAA MSA will facilitate the procurement of HIPAA knowledgeable resources for competitive prices.</li> <li>2. Develop an orientation program for new staff to shorten the learning curve.</li> <li>3. Hold frequent project management meetings to facilitate discussions regarding resource sharing.</li> </ol>
<b>Sponsorship</b>	The scope of HIPAA compliance across many DHS business units warrants senior level management sponsorship to assure success.	<ul style="list-style-type: none"> <li>HIPAA Branch Chief currently reports to the Division Chief who oversees just two of the impacted areas.</li> <li>HIPAA may not be given sufficient priority within the Department.</li> </ul>	<ol style="list-style-type: none"> <li>1. A DHS HIPAA Steering Committee has been formed with Deputies from each of the impacted areas as well as other DHS Executive Staff.</li> </ol>
<b>Loss of Federal Matching Funds</b>	The Medi-Cal program and Medicaid Management Information System (MMIS) is partially funded through Federal Financial Participation.	<ul style="list-style-type: none"> <li>The Centers for Medicare and Medicaid Services (CMS) has hinted that States with a non-compliant MMIS may lose their federal funding.</li> </ul>	<ol style="list-style-type: none"> <li>1. Ensure sufficient documentation is in place to show due diligence.</li> <li>2. Begin formal communications with CMS regarding known areas of non-compliance (e.g. local codes)</li> </ol>
<b>Non-Compliance impacts on our Trading Partners</b>	DHS will not be fully compliant with Transactions and Code Sets by October 16, 2003.	<ul style="list-style-type: none"> <li>Under the HIPAA, DHS would be asking our Trading Partners to break the law and send in non-compliant transactions, which may result in lawsuits and/or political ramifications</li> </ul>	<ol style="list-style-type: none"> <li>1. Look into other solutions (e.g. clearinghouses)</li> <li>2. Review the Enforcement rule once it is published to determine if this scenario will truly result in fines.</li> <li>3. Communicate with trading partners to reduce the number of complaints filed.</li> </ol>

# Knowledge Area Plans

## Managerial Process Summary

Successful management of OHC's HIPAA Compliance Program is dependent on four elements...

The application of best practices by OHC should be transparent to most of DHS.

**People** – The best people with strong leadership, team, communication, management, and negotiation skills. These people must often have a strong sense of customer service, recognizing all stakeholders as customers. People are also the foundation of credibility and effectiveness for OHC.

**Incremental Maturity** – Recognizing the organizational maturity of DHS with regards to Project Management and incrementally implementing process improvements to assure acceptance and effectiveness. Best Practices may be understood by OHC management, but the application of best practices should be transparent to most of DHS.

**Distributed Ownership** – Using the strong commitment across the organization to the benefit of the program. This includes distributing ownership and responsibility for work where it can be accepted and supporting those areas that are in need of support to be successful.

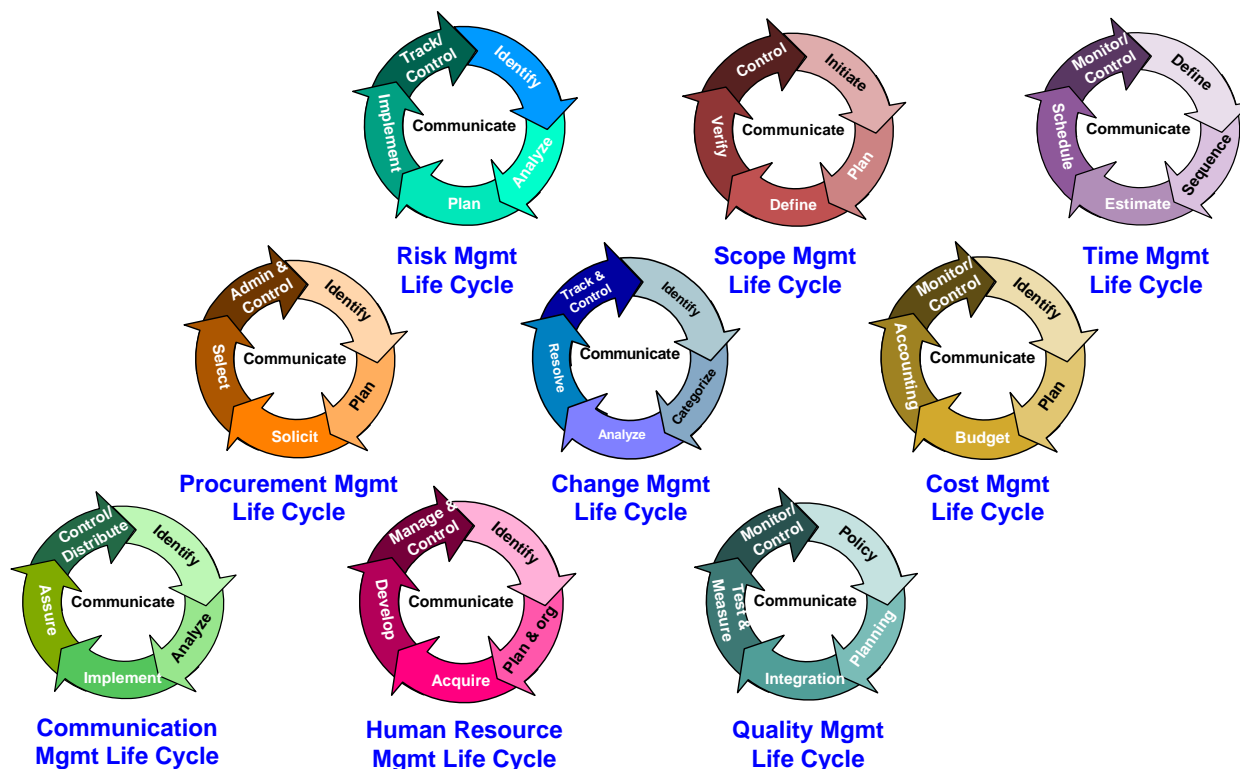
**Cohesive Management System** – This often means having a system that is visible and simple to understand to those inside and outside of the Project Management arena. The common milestones and OHC reporting interface are examples of cohesion in project scope, cost, schedule, and quality management, while providing simplified methods of project planning, execution, and control.

In support of these success elements, OHC has described life cycles for each knowledge area. These life cycles illustrate a cohesive management system comprised of key business processes and their relationships. These life cycles also allow for work allocation, work estimation and resource identification, while providing a scalable response to OHC's varying demands. The key OHC life cycles are presented in Figure 10.

OHC has partitioned elements of the knowledge area life cycles to OHC functional units, to optimize OHC resource effectiveness. For example, the "Monitor & Control" tasks from several life cycles are allocated to the Monitor & Control functional unit in OHC. This management schema allows for efficient coverage of key business

processes with minimal resource redundancy and flexible resource scaling.

**Figure 10: OHC's Knowledge Area Life Cycles**



To meet the information needs of *E2E* Project Managers, OHC Program Managers, and DHS Executive Staff (e.g., the DHS HIPAA Steering Committee), OHC is implementing *Dashboard* views of management information. Through a *Dashboard*, a manager is able to, at a glance, understand project and program areas in need of attention. This is essentially management by exception, using a *Dashboard* management view to understand areas of exception.

Figure 11 illustrates an example of a *Dashboard* view to support TCS Compliance management. This is one of several *Dashboard* views that a manager at this level may require to understand performance at a glance. This view provides a completion matrix perspective on all TCS projects as they traverse a common set of milestones. Exceptions to objectives can be seen by the manager allowing for rapid focus of management energies.

## TCS Stone Performance

July 1, 2002

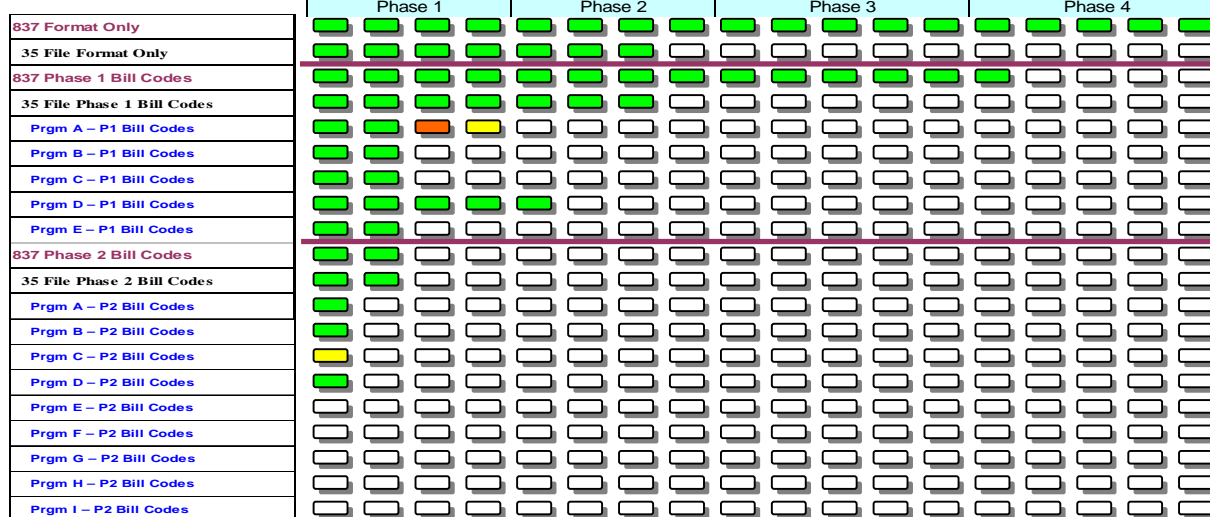


Figure 11: Example Dashboard for TCS Manager

Input to this and other management views is continuous and typically event driven. This means that there is generally not a monthly roll-up of status or project plans that so often grind large program offices to a halt. Instead the information on status is provided by the milestone owner when the milestone is complete (e.g., the event!). This simplifies reporting (e.g., either 0% or 100% complete) and distributes reporting responsibility to individuals who are responsible for the work. OHC hopes to procure a management system tool to facilitate this type of reporting.

This example, using milestones, is focused on schedule performance but a similar view can be applied for elements such as cost, budget, or funding performance. Figure 12 illustrates an example dashboard for budget and funding source performance.

Scope Verification and Quality Management allow OHC to measure adherence to scope and quality obligations

Scope definition is accomplished through a common set of milestone definitions which are refined by the *E2E* Project Manager when *Stone* ownership and obligations are negotiated. The processes of Scope Verification and Quality Management allow OHC to measure adherence to scope and quality obligations as projects and their milestones march towards schedule and cost goals.

Much of the integration of the various management disciplines for OHC has been illustrated in other sections of this Program Plan (e.g., Project Management Approach, OHC Organization & Key Staff). More



detailed views of each management discipline are provided below in the remaining Knowledge Area Plans. Additionally, *Primary* Project Plans (e.g., Transactions, Code Sets, Privacy) provide plans with cohesive interfaces to this PM Plan while also providing management detail that is appropriate to each area of planning focus (e.g., Transactions, Code Sets, or Privacy).

## Program Integration Management - *Change Management*

### OHC Needs & Objectives

*Issues* and *Changes* are closely related in many projects. *Issues* are often questions, suggestions, or problems raised by Project Team members, including the Project Manager and other Stakeholders during the execution of a project. *Changes* usually represent modifications to a baseline system, product, or agreement defined for a project.

Resolving issues may result in defining a change, usually through the creation of a change request. Resolving issues without clearly understanding their impact is a common avenue for scope creep on projects. Effective *Issue* and *Change* management is therefore essential to keeping projects and programs on target.

DHS has not uniformly implemented change or issue management across its projects or other business endeavors.

A clearly defined process for change management, to manage issues and control change, is one of the essential requirements of the DHS HIPAA compliance program. This control is essential to meet project objectives while staying within cost, schedule, risk, and quality boundaries. Unfortunately, DHS has not uniformly implemented change or issue management across its projects or other business endeavors. OHC recognizes this backdrop when designing a change management process to meet the needs of the HIPAA Compliance Program.

OHC desires to distribute change management responsibility to project areas experiencing issues and change pressures. Therefore, the overall OHC change management (CM) system is comprised of interconnected issue/change management systems rather than one central issue/change management system. This allows management of issues and change within the span of control of a project manager to stay within that span of control and to escalate to a higher authority if scope change is too great.

Issue and change patterns may contribute inputs to risk or quality management. However, issues and changes are separate from risks and quality issues so they are managed separately. Additionally, Organizational Change Management is outside the scope of this area of change management. Organizational Change is considered under Project Human Resource Management.

Configuration control is closely coupled with change management. We will refer to configuration control as the mechanism of controlling versions of work products, including software and documentation. Although much of configuration control responsibility is allocated to owners of *Stones*, some configuration management is required within

OHC and its subordinate projects. These processes will be described separately as operational guidelines for OHC work.

### Foundations and Best Practices

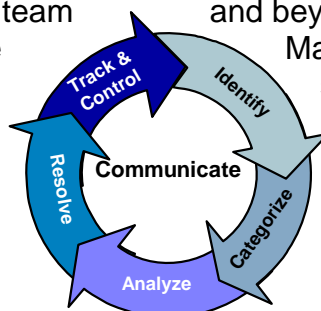
Change and Issue management is broadly recognized as a fundamental Systems Engineering and Project Management discipline. Effective management of issues and change is usually accomplished with the aid of database tools to facilitate capture, tracking, and closure.

Organizations tend to centralize or divide the management of changes and issues based on a broad variety of environmental concerns, including the experience of key staff members. Entry of Issues and Project Change Requests must be simple and facilitative, to avoid restricting or limiting these key project inputs.

OHC is developing a simplified tracking database to be utilized for issue and change management. The issue and change management procedures, along with a database description, can be found in Appendix 5.

### Operational Model

OHC and its subordinate projects have implemented a change management system founded on the simple process model illustrated in Figure 13. This process model is centered on strong communication both within the project team and beyond to project stakeholders. Change project and program that sufficient and are applied to effectively. A change template is provided projects to utilize.



Management is critical to success, so it is critical appropriate resources manage the process management process by OHC for all *E2E*

**Figure 13: Change Management Life Cycle**

The following definitions will facilitate an understanding of OHC's Change Management model.

**Issue** – questions, suggestions, or problems raised by Project Team members, including the Project Manager and other Stakeholders during the execution of a project.

**Change Suggestion** – a description of a potential modification to a baseline system, product, or agreement defined for a project.

**Change Request** – formal document used to request change to scope, cost, timing, or quality for a project... from a person or organization with the authority to authorize a change.

**Change Authorization** – formal authorization of change for an existing project.

**Configuration Control** – a mechanism or process for controlling versions of work products including software and documentation.

**Work Request** – formal request to authorize a new project or task that is not part of an existing project.

**Charter** – formal authorization to start a new project.

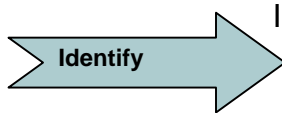
**Work Authorization** – formal or informal authorization to start a new work task that is not part of an existing project (e.g., administrative task).

**Change Management Lead** – the role that is responsible for operating the Change Management Process in a project or program.


**Change Management Team** – the group of people engaged by a project manager to actively manage and operate the Change Management Process for a project or program.

**Escalation** – the process of elevating an issue, work request, or change request for consideration or communication outside the span of control of a project manager and their Change Management Process.

The Change Management Life Cycle components are further described below...

 In the *Identify* phase, identification of incidents (issues and suggested changes) occurs. It is the primary entry point to the Change Management Life Cycle. OHC provides an issue/change entry form that is to be completed, approved by management, and forwarded to OHC for entry into the database. OHC defined guidelines for issues/change entries are addressed in the procedures found in Appendix 5.

Each *E2E* project will identify issues and changes that are unique to that project. These *E2E* issues and changes will be managed by the *E2E* project manager and resources associated with the *E2E* project. OHC may support change management activities (e.g., provide CM Lead Resources) at the request of the *E2E* or *Primary* project managers.

 In the *Categorize* phase the Project Change Management (CM) Lead enters all issues/changes into a centralized data store that enables issue/change management and status communication. The Project CM Lead will categorize all entries to expedite processing. The Project CM Lead will also gather additional required information from the issue/change originator before processing. All issues/changes will be categorized by the Project CM Lead for urgency and impact using the following *Impact Categories*...

**High** – issue/change will negatively impact scope, schedule, cost, or quality and

## OHC PM PLAN

All entries will be categorized by the Project CM Lead for urgency and impact using...  
*Impact Categories*

issue/change resolution is urgent

**Mid** – issue/change may negatively impact scope, schedule, cost, or quality and issue/change resolution is not urgent

**Low** – issue/change will not negatively impact scope, schedule, cost or quality

**Unknown** – insufficient information exists to qualify impact and urgency

### Analyze

In the *Analyze* phase the Project CM Lead will initially analyze entries and suggest closure for those that appear to qualify (e.g., “Low” category entries). The Project CM Lead will prepare management summaries to facilitate regular issues/change management meetings with the Change Control Board. The CCB is comprised of the Primary project managers and E2E project managers, as well as senior management within OHC when necessary, to resolve issues/changes. The CCB may suggest further analysis to support appropriate resolution in the next process step. The Project CM Lead will follow and capture any supplementary analysis that has been assigned from the CCB.

### Resolve

In the *Resolve* phase the appropriate team will work to resolve all issues/changes in an expeditious manner. No entries will be removed or eliminated. Instead, entries that are erroneous must be purposely recorded and closed. Entries will be categorized with the following *Process Categories*...

**Open** – No resolution agreed to and not closed.

**Pending** – A resolution has been defined and scheduled. Resolution is pending or incomplete.

**Closed** – Resolution is complete or no resolution is planned after analysis and resolution processes have completed.

The project teams should strive to close or pend entries within the following time boundaries...

**Unknown** – Process to Low, Mid, or High status within 15 days of origination.

**Low** – Close within 30 days of origination.

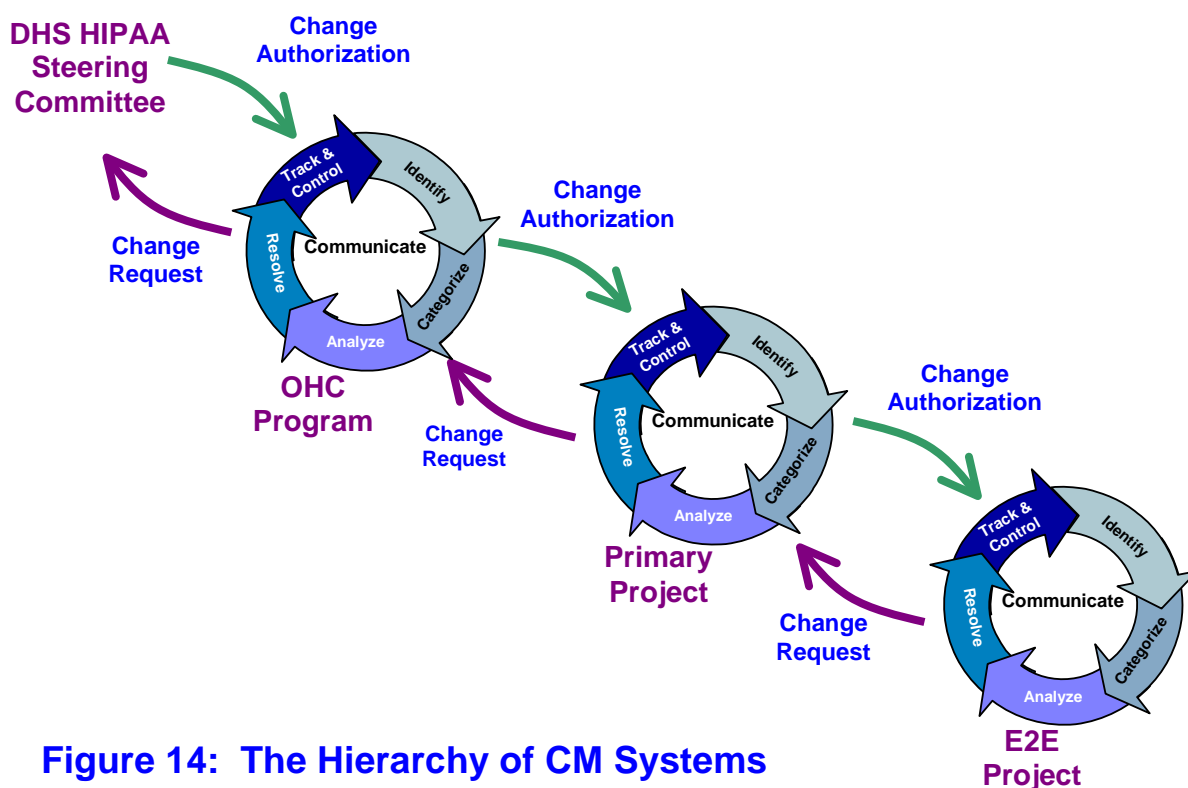
**Mid** – Close or Pend within 30 days of origination.

**High** – Pend within 30 days and Close within 60 days of origination.

CM Systems ... defined to maximize local management ...minimizing the need for escalation.

Entries that result in a required change that is outside the scope, budget, schedule, or quality requirements will result in a change request. These change requests will be passed to the next higher change management process in the hierarchy of CM Processes within OHC (see Figure 14).

The final authority for authorizing changes or new projects is the DHS HIPAA Steering Committee. Figure 14 illustrates the hierarchy and



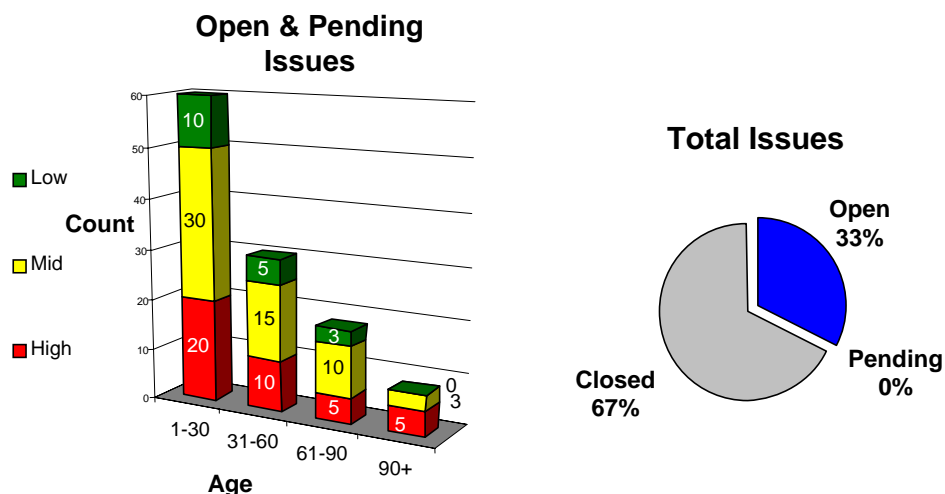
**Figure 14: The Hierarchy of CM Systems**

escalation chain of CM Systems in support of OHC that are defined to maximize local management of incidents and change while minimizing the need for escalation. Escalated issues/changes are primarily requests for change and work requests, which are appropriate for effective scope, cost, schedule, and quality management by OHC.

**Track & Control** → The Project CM Lead will track the disposition of all issues/changes and provide metric reports for management review. These reports will minimally illustrate the age of all open and pending incidents as well as the total of Open, Pending, and Closed incidents. Figure 15 illustrates these metrics in chart form. Standard metric chart forms will be provided to all projects under the purview of OHC to facilitate change management review across the DHS HIPAA Compliance Program.

**Communicate** → Throughout the Change Management Process, effective communication is key to success. The project manager must integrate CM communication needs with the project

communication plan and OHC communication requirements defined in the Communication Requirements section of the OHC Program Plan. Construction of an effective and broad based CM process is critical to project communication, team ownership of change, and a successful project overall.



**Figure 15: Example Change Management Metrics**

### Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Scope Management life cycle.



**Table 4: Primary Responsibilities for Change Mgmt**

Life Cycle Element	Responsible OHC Functional Unit
Identify	Monitor & Control
Categorize	Monitor & Control
Analyze	Monitor & Control
Resolve	OHC Managers
Track & Control	Monitor & Control
Communication	Monitor & Control

## Program Integration Mgmt - Plan Development & Execution

### OHC Needs & Objectives

There are two levels of project plan development and execution within OHC. The first level covers planning for internal OHC efforts, including the development of project and program management infrastructure. The second level covers planning for compliance projects (*Primary* projects).

*Primary* project plans for compliance work integrate with this PM Plan while providing appropriate management control of compliance activities. These plans are standardized to facilitate management.

OHC has been successful since its inception by focusing on people and their needs, including the people within the various program areas within DHS. Much of Phase 1 was focused on awareness and education as well as initial analysis and remediation activities. Phase 2 focused on the demand for a well integrated Project Management system which includes integrated project planning and execution.

Phase 3 builds upon the foundation set by Phases 1 and 2 and focuses on completing detailed assessments and gap analysis, and conducting remediation efforts.

### Foundations and Best Practices

OHC will utilize the best practices of PMI and the PMBOK's suggested contents for Project Plans...

OHC utilizes the best practices of PMI and the Guide to the Project Management Body of Knowledge's (PMBOK) suggested contents for Project Plans to structure program and project plans under the purview of OHC. This facilitates communication and helps assure that each of the key management elements are addressed and integrated across OHC.

Use of a centralized Program Management Office also serves to provide centralized services and support as well as efficient execution control.

### Operational Model

OHC does not describe a separate lifecycle for project plan development and execution. Instead, OHC relies on the Scope, Time, and Cost management life cycles for definition of plan development and execution. Operational activities that support multiple compliance project endeavors are managed as administrative projects or tasks. All of these administrative activities are scoped, scheduled, resourced, and managed in compliance with OHC overall project management practices as defined in this PM Plan.

Subordinate *Primary* Project Plans (e.g., Transactions, Code Sets,

*Primary & E2E plans will intentionally not roll-up schedules or plans from subordinate projects*

Privacy) that are focused on compliance efforts are created separately. These plans include a schedule of activities commensurate with the level of management control required of the manager. These plans intentionally do not roll-up schedules or plans from subordinate projects as a project reporting requirement. The same concept holds true for *E2E* Projects.

Planning, execution, and control for *Primary* Projects and their subordinate *E2E* Projects rely on process models defined in this PM Plan. These models are based on knowledge area definitions from PMI and defined in the PMBOK for effective project management. Each respective Project Manager has the responsibility to attend to “core processes” for each knowledge area and make appropriate decisions regarding “supporting processes” for these areas.

## Program Scope Management

### OHC Needs & Objectives

OHC model is founded on work packages that have well defined scope, cost, time, and quality attributes.

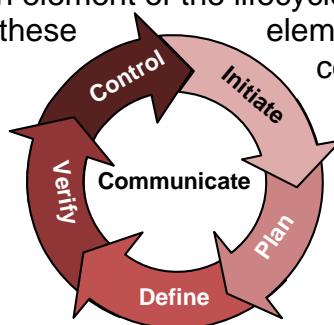
OHC's project management model is founded on work packages that have well defined scope, cost, time, and quality attributes. This holds true for internal administrative projects and activities as well as compliance projects (e.g., *E2E* projects). The *E2E* projects have scope definitions that are associated with common performance goals or work packages known as *Stones*. Effective Scope Management focuses on how to define, execute, and control scope for individual *Stones* and their parent *Primary* projects. This management includes prevention of unauthorized projects and unauthorized resource utilization.

### Foundations & Best Practices

PMI emphasizes scope management that is focused on a desired level of management control. OHC has been careful to find this desired control level, to avoid managing too low or too high. This concept is carried forward within OHC by attending to work packages and control that are only as granular as necessary to achieve management control and success of the DHS HIPAA Compliance program. This translates into resisting the management of project detail that is well below the need for effective project control.

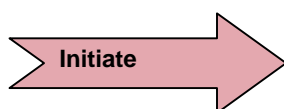
### Operational Model

Figure 16 illustrates OHC's Scope Management Life Cycle. Further descriptions for each element of the lifecycle are provided below. The key activities within these elements are scalable to the demands of HIPAA Subordinate component *E2E* these fundamental as appropriate.



elements are scalable to the compliance scope for OHC. *Primary* projects and their projects also utilize management life cycles,

**Figure 16: OHC's Scope Management Life Cycle**



All *Primary* and *E2E* projects are initiated through the chartering process outlined in the Management Approach section of this plan. A standard charter template is provided for initiating each of these projects. OHC treats a Project Charter as a work authorization for new projects. This work authorization can be in response to a work request, which is a special form of change request. A standard template for work requests is provided by OHC.

Administrative work within OHC and its subordinate organizations may also be initiated via a project charter. However, OHC has a budget set aside for non-project administration tasks that do not require a charter but minimally require written instructions for initiation.

**Plan** → Much of OHC's scope planning efforts are expended when a new HIPAA compliance rule is released. At that point, the rule is analyzed by OHC staff to determine common scope elements for construction of compliance completion goals. These goals are typically assembled into a common set of milestones and component deliverables.

Initial compliance scope across DHS for any new rule may require an initial broad assessment. OHC can then make a broad scope statement regarding work required by DHS to achieve compliance to the new rule. Some compliance projects have numerous dependencies (e.g., Transactions) where impacts that affect DHS's scope of work may not be fully understood for some time. In these instances, the milestone sets for compliance are constructed to allow for discovery of the next layer of scope impact.

**Define** → Each *E2E* project is comprised of common work packages that describe work to complete milestone specific deliverables. Completion of these milestone deliverables allows for the completion of a milestone (*Stone*). The manager of each *E2E* project works collaboratively with the various resources of DHS business areas to establish ownership and completion obligations for each *Stone*.

Negotiation of these obligations includes business area representatives (e.g., program areas, fiscal intermediaries, and ITSD), OHC's *E2E* project managers, and representatives from OHC's Hands-on Workforce (e.g., Subject Matter Experts). These same team members work collaboratively under OHC management to assure end-to-end completion of DHS HIPAA compliance initiatives.

All *E2E* projects are structured as phased endeavors to allow for progressive elaboration of scope, including resource, time, and cost impacts. Each *E2E* project initiates with an initial *Estimate to Complete* and a budget for completion of the first project phase. This first phase is a planning phase that allows the *E2E* project manager to assemble resources, present a strategy for completing the next phase, and provide updated project estimates.

Table 5 illustrates the typical phases and component milestones for

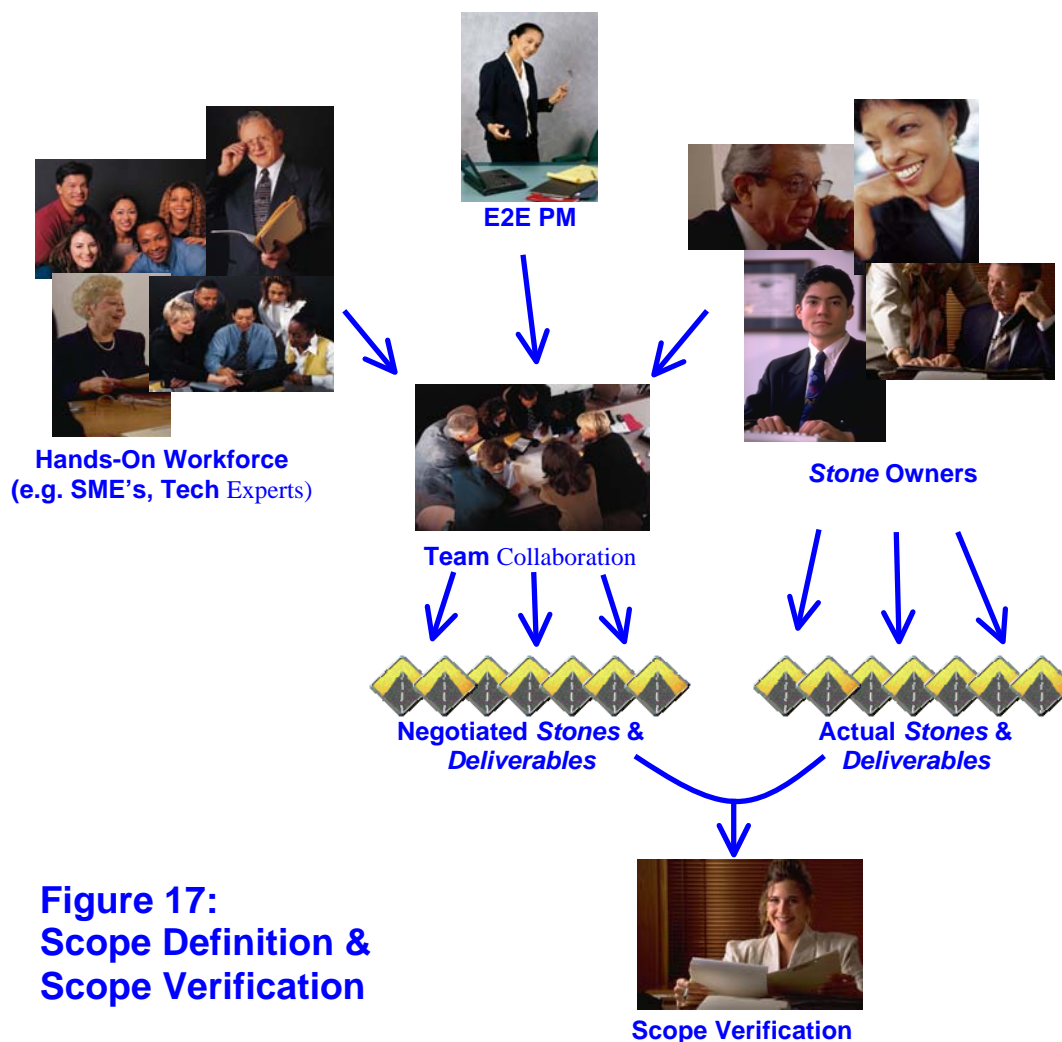
**Table 5: TCS & Privacy Projects – Phases & Milestones**

Transactions & Codesets			Privacy		
Phase	Name	Milestones	Phase	Name	Milestones
1	Project Planning	Initial Project Plan	1	Project Planning	Initial Project Plan
		Project Comm. Strategy			Project Comm. Strategy
		Phase 2 Approval			Phase 2 Approval
2	Assessment	Business Assessment	2	Assessment & Analysis	Impact Education & Assessment
		Legal Assessment			Business Associates List Sent
		Technical Assessment			Technical Issues & Projects
		Integrated Assessment			Legal Issues & Procedures
		Project Plan Update			Training on Department Policies
		Phase 3 Approval			Project Plan Update
3	Gap Analysis & Requirements	Business Requirements	3	Remediation	Phase 3 & 4 Approval
		Legal Requirements			Program Area 1
		Technical Requirements			Procedures
		Integrated Requirements			Physical Changes
		Project Plan Update			Technical Changes
4	Solution Evaluation & Design Specifications	Phase 4 Approval			Training
		Solution Alternatives			Program Area 2
		Business Specifications			Procedures
		Legal Specifications			Physical Changes
		Technical Specifications			Technical Changes
		Integrated Specifications			Training
		Test Planning			Program Area 3
		Communication Bulletin			Procedures
		Project Plan Update			Physical Changes
5	Remediation & Implementation	Phase 5 Approval			Technical Changes
		Business Remediation			Training
		Legal Remediation			Program Area 4
		Technical Remediation			Procedures
		Test Data Availability			Physical Changes
		E2E Testing			Technical Changes
		Implementation Planning			Training
		User Documentation			Program Area 5
		Education and Training			Procedures
		Implementation			Physical Changes
		Post Implementation Review			Technical Changes
		Operations & Maint. Turnover			Training
		Administrative Closure			Program Area 'n'
					Procedures
					Physical Changes
					Technical Changes
					Training
			4	Closure	Post Implementation Review
					Administrative Closure

TCS and Privacy compliance *E2E* projects. Plan updates and next phase approvals are evident in these milestone sets. The *Primary* Project Plans define the work packages, including the definitions of deliverables required for completion of each milestone.

**Verify** → Verification of Scope accomplishment will be achieved through the use of OHC verification resources. These resources may be Independent Project Oversight Consultant (IPOC) resources or Independent Verification and Validation (IV&V) resources depending on the verification demand and administrative requirements outside of OHC. These efforts will be closely aligned with Quality Control activities that will be managed by the Monitoring and Control organization within OHC.

Each *Primary* project has well defined milestones and deliverables to assist in clear and consistent work products. This clarity assists the scope verification process as illustrated in Figure 17. OHC is allowing



**Figure 17:  
Scope Definition &  
Scope Verification**



deliverables from a variety of Systems Development Life Cycles (SDLC) to satisfy *E2E* deliverables. This creates a verification hurdle that is greatest for early *E2E* projects and lessens with later *E2E* projects. It is incumbent on the *E2E* project manager to discover gaps between outside deliverables and *E2E* deliverables during the negotiation of *Stone* obligations.

**Control** → Changes that are outside the span of control and budget of *E2E* project managers result in the creation of a Change Request. Change Requests are sent to the next highest level of Change Management authority, as specified in the Integration Management section of this plan. If a change is allowed by this authority, it is prescribed by a Change Authorization, which includes budget allowances for prescribed change.

Each *E2E* project includes a management reserve to allow for local control of changes. These management reserves are negotiated with OHC management and are dependent on various factors contributing to project uncertainty. The goal of these reserves is to provide reasonable management control and latitude to the *E2E* project managers while also controlling overall scope, cost, time, and quality boundaries. Because uncertainty is highest in early projects and varies over the life of a *Primary* project, OHC does impose a fixed management reserve for all projects.

**Communicate** → OHC has provided centralized communication management to facilitate communication on all program management fronts, including scope management. However, it is the responsibility of everyone participating in OHC's HIPAA compliance efforts to send appropriate information, assure the receiver understands that information, and confirm received information back to its sender. These actions help assure effective communications.

## Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Scope Management life cycle.

**Table 6: Primary Responsibilities for Scope Mgmt**

Life Cycle Element	Responsible OHC Functional Unit
Initiation	Planning & Communication
Plan	Planning & Communication
Define	OHC Project Managers
Verify	Monitor & Control
Control	Monitor & Control
Communication	Planning & Communication

## Program Time Management

### OHC Needs & Objectives

OHC is faced with describing and organizing compliance activities that are unique to HIPAA compliance.

To meet time management needs, OHC requires methods for activity definition, sequencing, estimating and scheduling that tolerate significant uncertainty and flexibility. These methods must also capitalize on proven constructs such as those of PMI or other constructs that are endemic to DHS (e.g., estimating methods).

OHC is faced with describing and organizing compliance activities that are unique to HIPAA compliance. HIPAA compliance may have well defined goals, but the process of achieving compliance is not well defined, even at the national level.

OHC has taken a national leadership position in defining an original strategy for addressing HIPAA compliance. This initial strategy was largely focused on awareness and assessment. OHC's needs have now evolved to managing the remaining waves of HIPAA compliance that have extended OHC prior strategy.

### Foundations & Best Practices

PMI defines a series of key processes that comprise effective Time Management. These processes integrate information from Scope Management and other sources to affect appropriate activity definition, sequencing, estimating, and scheduling. In practice, many project managers simultaneously consider scope, time, cost, quality, and resource availability when constructing a meaningful schedule.

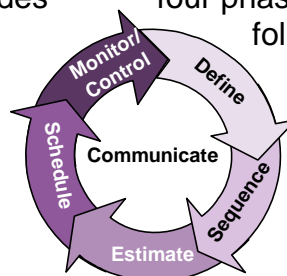
Also considered during schedule development are relevant product life cycles that help illustrate a repeatable sequence of events. Repeatable sequences facilitate estimation and budgeting as well as overall achievement of program or project goals.

### Operational Model

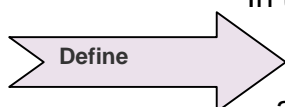
OHC is constructing repeatable compliance life cycles for much of the compliance work required by HIPAA. The compliance life cycles presented in Table 5 (Scope Management section) cover most the work for TCS and Privacy compliance. Both life cycles are the result of executing several phases of this Time Management life cycle.

As new HIPAA compliance rules come into effect, OHC will attempt to create a compliance life cycle for them. Other work that must be accomplished by OHC will be scheduled through the application of this Time Management life cycle, even when it is executed in parallel with other program management life cycles (e.g., Scope, Cost, Quality).

Figure 18 illustrates the phases of the Time Management life cycle for OHC. This life cycle includes four phases focused on defining and sequencing activities resources and developing The remaining phases and control of time as emphasis on open phases are further



**Figure 18: Time Management Life Cycle**



In the *Define* phase, OHC defines the activities associated with a scope of work. This typically requires elaboration of a work breakdown structure (WBS) or similar statement of work to be accomplished. The majority of OHC work is in direct response to HIPAA compliance rules issued by the Centers for Medicare and Medicaid Services (CMS). OHC typically analyzes a new Notice of Propose Rule Making (NPRM) for scope of work and a list of required activities. These activities are further elaborated to at least isolate activities that meet separate objectives or require distinct organizations to perform work.

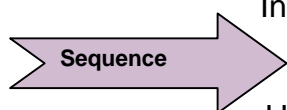
Once the component activities are described, they are organized in layers using a WBS or other hierarchical structure. Layering allows the work to be associated at similar levels of complexity and understanding. Key or special resources required to perform component activities are described at this point. This structure can now feed the sequencing and estimating phases.

Administrative work within OHC also requires a definition of activities that are layered for sequencing. However, these activities are typically easy to define, sequence, estimate, and schedule simultaneously.

OHC will create a document that describes the common completion milestones (*Stones*) for each rule

For HIPAA rule compliance, OHC creates a document that describes the common completion milestones (*Stones*) for each rule. This document includes a definition and description of all deliverables associated with each *Stone*. OHC typically reviews product life cycles from performing organizations under OHC to create a *Stone* set that minimizes additional work for compliance by these performing organizations (e.g., Systems Development Life Cycles for ITSD and PCMB).

For other work, OHC does not require a separate deliverable focused on defining work activities. Instead a schedule of activities serves as evidence of executing activity definition, sequencing, estimating, and scheduling phases of this lifecycle.



In the *Sequence* phase OHC arranges the *Stones* or component activities from a scope of work into a logical work arrangement to allow resourcing and estimating. Applying sequencing to HIPAA rule compliance typically involves creating at least two sequences:

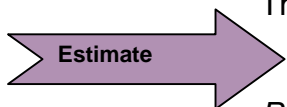
- Product Life Cycle Sequence (e.g., *Stones*)
- DHS Rollout Sequence (e.g., using org chart)

The analysis attempts to minimize redundancy while breaking the work into manageable chunks.

The product life cycle sequence requires analysis to determine the best arrangement of *Stones* based on the work and existing business processes in DHS. OHC constructs product life cycles in phases to allow for progressive elaboration of project work and to provide approval gateways for project endeavors.

Developing a DHS rollout sequence requires analysis to determine the most effective rollout method. The analysis attempts to minimize redundancy while breaking the work into manageable chunks. Example rollout schema's include rolling out work by DHS Program or rolling out by business rule (e.g., transaction sets).

Applying sequencing to other OHC work requires analysis to determine the most effective sequence of activities. This and rule sequencing is typically an iterative process that is impacted by subsequent estimating and scheduling phases. OHC utilizes Gantt chart views of projects, whenever possible, to illustrate project rollout sequences.



The *Estimate* phase requires analysis to create an estimate of work for compliance activities. For HIPAA rule compliance work, estimates of work may be founded on a *Baseline Estimator Project* (BEP). The BEP is a model compliance project that is constructed around the *Stones* for a specific HIPAA rule (e.g., Transactions, Code Sets, Privacy).

The BEP is a model compliance project that is constructed around the *Stones* for a specific HIPAA rule

The BEP is constructed by knowledgeable resources who estimate proportions of work based on experience with similar work, a technique known as analogous estimating. The BEP also estimates the types of resources required for each *Stone* as well as the relative amount of work required by these resources. This information supports work and resource forecasting which assists in the construction of resource procurement plans as well as program financial plans.

The forecasted work for a Fiscal Year can be based on a collection of BEP's that have been expanded or contracted based on one or more project sizing parameters. These sizing parameters will vary with the nature of the projects (e.g., Privacy or TCS) and include a sizeable degree of uncertainty. However, these are used as long range

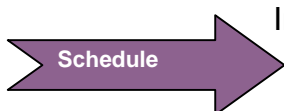
forecasting tools that are supplemented with more precise short range estimation methods.

As projects approach their estimated start date, OHC will work to define more estimation detail

As candidate projects approach their estimated start date (e.g., 90 days from start), OHC works to define more estimation detail that is specific to the actual project. OHC also attempts to assign an *E2E* project manager who will be involved with developing the estimation and associated team members.

Estimates for other OHC work is also be established using analogous estimation techniques. However, these other efforts do not warrant the investment in BEP's since this work typically represents a small fraction of OHC's compliance efforts.

OHC illustrates the expected costs and resources for each project and each quarter of operation. More detail is provided for the next quarter, within 30 calendar days of the coming quarter.



In the *Schedule* phase OHC takes the activities, resources, costs, durations, and sequences developed in prior Time Management phases and integrates them into a schedule. This schedule contains information that is commensurate with the level of detail described in prior phases. This means that the next quarter of work has the most detail and subsequent quarters typically are supported by less detailed forecast information.

*E2E* projects are structured to require plan and schedule updates throughout the life of the project

As *E2E* projects get close to their start date (e.g., within 30 days), OHC develops more detailed project plans that focus on Phase 1 detail of the project. After that point, the *E2E* projects are structured to require plan and schedule updates throughout the life of the project. Each *Primary* project defines the project plan format, including schedule detail, required to manage component *E2E* projects.

It is very important to remember that OHC's *E2E* project managers are managing to the completion of deliverables that comprise the *Stone* set for compliance. This means that OHC does not develop or maintain detailed work plans for achieving deliverables and *Stones*, unless OHC is directly responsible for that work.

As described earlier in this plan, all deliverable and milestone obligations are negotiated with those responsible for the work. These obligations are recorded by OHC and the person responsible for the work is required to signify completion of the work when the work is complete.

OHC attempts to keep a rolling year of schedule information (e.g., 4 quarters), unless longer forecasts and schedules are required by compliance demands (e.g., Rule compliance deadlines). OHC also

maintains a view of *Stone* obligation and completion as an indirect view of schedule performance.



In the *Monitor & Control* phase, OHC maintains forecast and schedule information that has been developed in prior phases of Time Management. This phase also provides effective information to allow appropriate managers to manage and control work under their purview.

Different layers of information will be required by different layers of management and stakeholders

Different layers of information are required by different layers of management and stakeholders. In response to this need, OHC seeks to provide these different layers of information. To meet the diverse information needs surrounding OHC, this phase of work utilizes inputs from the Communication Management section to determine the following:

- ✓ Who needs the information
- ✓ What information is required
- ✓ How frequent the information is needed
- ✓ What format and media are best for information transmission



OHC has provided centralized communication management to facilitate communication on all program management fronts, including time management. However, it is the responsibility of everyone participating in OHC's HIPAA compliance efforts to send appropriate information, assure the receiver understands that information, and confirm received information back to its sender. These actions help assure effective communications.

## Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Time Management life cycle.

**Table 7: Primary Responsibilities for Time Mgmt**

Life Cycle Element	Responsible OHC Functional Unit
Define	Planning & Communication
Sequence	Planning & Communication
Estimate	OHC Operations & <i>Primary</i> Project Managers
Schedule	Planning & Communication
Monitor & Control	Monitor & Control
Communicate	Planning & Communication



## Program Cost Management

### OHC Needs & Objectives

Effective cost management is critical to managing and controlling costs on a project. Due to the scope and time involved to complete the DHS HIPAA compliance efforts, estimating, managing and controlling costs are critical success factors for the DHS HIPAA compliance program.

Centralized cost mgmt ... allows for an unambiguous control and audit trail.

The DHS HIPAA compliance program is comprised of a unique environment and approach. The organizational complexity for carrying out the HIPAA compliance activities includes the FIs, DHS program areas and OHC. This complexity requires a centralized approach for HIPAA compliance efforts. Part of this effort involves a centralized cost management approach.

Associated with this organizational complexity are the unique funding sources related to carrying out the specific mandated activities for HIPAA compliance. The federal government specifies that HIPAA compliance activities related to the Medicaid Management Information System (MMIS) are eligible for and can be matched by the federal government at a 90% level, with the State contributing the other 10%. This unique funding split accounts for the design, development and implementation of activities related to the MMIS. Additionally, the federal government also provides for a 75-25% split related to the operations and maintenance of the MMIS.

Costing for the HIPAA compliance activities involves identifying and associating costs with the proper Program Cost Account (PCA) codes. These PCA codes are defined for costs associated with specific HIPAA work activities, in which DHS organizational entities can charge costs down to the specific deliverables within each End-to-End (*E2E*) milestone. To effectively manage costs, PCA codes have been established which clearly identify and define the cost codes for HIPAA activities.

Included in the centralized cost management approach is a cost structure that provides flexibility and accountability for budgeting and accounting. This approach also allows for an unambiguous control and audit trail. The cost management structure consists of OHC, *Primary* Projects (e.g., Transactions, Code Sets, Privacy), and the *E2E* project levels.

Identifying knowledge areas driving the costs of performing the work is critical to the success of managing costs

Identifying the other knowledge areas driving the costs of performing the work is critical to the success of managing costs. The knowledge areas with the largest cost impact are project scope, time and quality. The cost structure established for carrying out the cost management activities allows for the necessary flexibility to monitor and control the costs impacted by these knowledge areas.

## Foundation & Best Practices

Cost management is the process of planning, budgeting, accounting, controlling and auditing cost as it relates to the HIPAA compliance program. It includes managing the interfaces of these key elements throughout the cost management lifecycle.

PMI describes the key processes that describe project cost management. These key processes include the following:

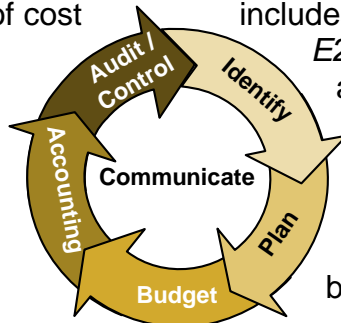
- ✓ Resource Planning
- ✓ Cost Estimating
- ✓ Cost Budgeting
- ✓ Cost Control

Each of these processes allow for effective planning, management and control of cost. Each of these processes are embedded in the operational model, which is illustrated below in Figure 19.

## Operational Model

OHC monitors the overall management of cost via coordination with the *Primary* Project Managers (e.g., Transactions, Code Sets, Privacy). The management of cost includes the review of budgeted amounts for each *E2E* project and/or OHC amounts expended for each control changes (e.g., quality) that could create a variance between planned cost and actual cost.

OHC receives



budget funding to carry out

**Figure 19: Cost Management Life Cycle**

HIPAA compliance activities. The budget funding allocated to OHC is based on initial cost estimates for carrying out specified HIPAA compliance activities for DHS. Given the centralized approach for HIPAA within DHS, OHC is responsible for determining and allocating the budgeted amount for specific *E2E* projects.

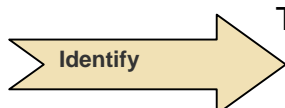
Funding for each *E2E* project will be based on a systematic analysis of costs

Funding for each *E2E* project is based on a systematic methodology of determining the cost estimates for each milestone associated with the *Primary* Projects (e.g., Transactions, Code Sets, Privacy) as well as operations for OHC. Each *Primary* Project Manager estimates the potential cost for carrying out each *E2E* project. That cost estimate filters down to the project manager of each *E2E* project, who

Each *Primary* Project Mgr will estimate the potential cost for carrying out each *E2E* project.

coordinates with the owners of the common milestones to determine the amounts needed for completing the particular milestone.

The cost management life cycle is a systematic approach for identifying, planning, budgeting, accounting and controlling for costs within a project. Given the uniqueness of the HIPAA compliance effort within DHS, it is critical that these processes are maintained and updated to reflect other changes within the overall HIPAA project management life cycle.



The *Identify* phase is the logical entry point for the cost management life cycle. This process is defined as identifying the work to be accomplished, as well as defining specific business, budget and accounting rules. For OHC, the primary input is the final mandated HIPAA rules. The HIPAA rules facilitate the changes to be made within each business process or system within DHS. The identification of those business process or system changes drives the identification of work packages to be accomplished for HIPAA compliance. Included in the identification of the work packages are the *E2E* projects to be accomplished as well as OHC Operational activities.

Additionally, this process focuses on identifying the applicable budget rules involved for determining the funding sources and funding splits (e.g., 90/10%, 75/25%) for each of the HIPAA compliance activities. The process also identifies the resources required (e.g., people, computer hardware and software, facilities and supplies) to accomplish the work, the quantity of each resource, and the schedule for completion.

The WBS will be continuously refined to reflect changes in HIPAA scope and time.

The primary output to this process is an updated work breakdown structure, which enumerates the work to be accomplished within the TCS and Privacy compliance projects, as well as within OHC Operations. The work breakdown structure is continuously refined to reflect changes in HIPAA scope and time.



The primary input to the *Plan* phase is the work breakdown structure. The work breakdown structure facilitates the cost management planning process and assists in identifying the resources and timelines necessary to accomplish the work within OHC Operations and the particular *E2E* projects.

After the identification of the work packages for accomplishing HIPAA compliance activities, OHC analyzes the activities within each *Primary* project as well as within OHC Operations to determine the proper budget allocations. The primary inputs to this planning effort include

an estimation of the time and resources needed for completing those activities within the *Primary* projects and OHC Operations. This drives the estimation of budgeting and costing for each of the milestones within the *E2E* projects in *Primary* projects, as well as OHC Operations.

The primary output to the planning process is the development of a resource profile model

The primary output to the planning process is the development of a resource profile model, which identifies the initial resource and timeline requirements for completing the Transactions, Code Sets, Privacy and OHC Operational projects. Another output is a cost estimation model, which includes the initial costs associated for completing those activities. Included in the initial cost estimate model are the estimated costs for OHC operations. These tools are used and modified as needed to reflect changes in scope and time.



In the *Budget* phase, OHC receives and distributes funding. OHC received HIPAA budget funding for 2002-03 upon approval and signature of the Governor's Budget. The funding was distributed to DHS, which was then distributed to OHC. OHC is responsible for centrally allocating and monitoring the HIPAA budget. This includes allocating the budgeted amounts for OHC Operations and *Primary* projects, which contain subordinate *E2E* projects. However, the DHS budgeting unit provides guidance to and works in coordination with OHC on budgeting issues (e.g., section letters, budget drills, BCPs).

Previously in the *Identify* process, OHC defined the budget rules for determining the HIPAA funding sources (e.g., federal, state), whether the budgeted amounts are state supported or local assistance, and the associated funding splits (e.g., 90/10%, 75/25%) related to state support or local assistance for specific activities for the MMIS. OHC allocated the budgeted amounts to each of OHC Operations and the *Primary* projects based on the cost estimates for completing those activities. The individuals, hours, computer hardware and software, supplies and facilities comprised the cost estimate on which the amounts budgeted are determined.

The budget allocations will occur down to the milestone level.

The budget allocations occur down to the milestone level. While the *E2E* project manager is responsible for ensuring that the budgeted amounts for each *E2E* project are spent accordingly, the owners of the various milestones within each of the *Primary* projects negotiate with the individual *E2E* project manager those milestone budget amounts necessary to accomplish the specific activity. The OHC Resource Management function, the *Primary* Project Manager (e.g., Transactions, Code Sets, Privacy), and the *E2E* project manager coordinate with one another to ensure the proper allocation of budget resources down to the milestone level. *E2E* project managers

understand budgets in dollars but translate dollars to work hours for negotiating work obligations.

**Accounting** → The Accounting phase for Cost Management involves accounting for the cost of the resources required for completing the particular work activity. Accounting for the resources used for the work activity involves reconciling the original budget estimates for the particular project to the actual expenditures for those projects. Additionally, accounting for HIPAA project and operational costs includes associating the costs to the specific PCA codes, the program areas and the overall budgeted amounts.

Within each *Primary* project (e.g., Transactions, Code Sets, Privacy) each *E2E* project is accounted for cost down to the milestone level. Each *E2E* project milestone can be rolled up to the particular *E2E* project, then to the *Primary* project, and finally, to the overall HIPAA program budget. To properly account at the *E2E* project level, the *E2E* project manager determines the number of hours expended at each milestone level through the owners of the various milestones to gauge the actual costs for each project.

OHC will use tools to provide an accounting of actual expenditures

OHC Monitor and Control Operations function provides oversight and coordination for maintaining accurate accounting records for each *E2E* project as well as OHC Operations.

For the HIPAA compliance program, there is a series of accounting tools used to reconcile the original budgeted amounts to the actual amount expended for each project. The proven project management tool provides an accounting of actual expenditures for each *E2E* project as well as OHC Operations.

**Control / Audit** → A critical process within the HIPAA Cost Management lifecycle is controlling and auditing the costs for the various *Primary* and *E2E* projects as well as OHC Operations. The Control / Audit process can be divided into the two components: Control and Audit. Cost control integrates with the internal control processes within OHC.

The audit component will focus on the HIPAA cost management from an external auditing perspective

OHC Monitor and Control Operational function is primarily responsible for ensuring that all costs with OHC Operations, *Primary* projects, and *E2E* projects are properly accounted. The Monitor and Control function also coordinates with the project managers of *Primary* and subordinate *E2E* projects to account for any variances between planned costs and actual costs, which could occur due to changes in scope, time and quality. Any variances with these other areas have an impact on the cost for carrying out specific *E2E* projects or other Operational areas. To internally monitor costs, the OHC Monitor and

Control function will utilize a proven project management tool, which links costs to activities, as well as associated budget codes.

The audit component focuses on the HIPAA cost management from an external auditing perspective (e.g., control agencies, other state auditing entities). The audit component ensures that costs are efficiently and effectively utilized within the context of both a state financial and performance perspective, as well as within reporting guidelines and other mechanisms.



OHC has provided centralized communication management to facilitate communication on all program management fronts, including cost management. However, it is the responsibility of everyone participating in OHC's HIPAA compliance efforts to send appropriate information, assure the receiver understands that information, and confirm received information back to its sender. These actions help assure effective communications.

### Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Cost Management life cycle.

**Table 8: Primary Responsibilities for Cost Mgmt**

Life Cycle Element	Responsible OHC Functional Unit
Identify	Resource Management
Plan	Resource Management
Budget	Resource Management
Accounting	Resource Management
Audit / Control	External Audit Source Monitor & Control
Communicate	Resource Management



## Program Quality Management

### OHC Needs & Objectives

OHC QM activities are scalable and applicable to repetitions of product life cycles

OHC is satisfying the needs of a diverse group of stakeholders. The objectives underlying all DHS HIPAA compliance work are established to meet these diverse stakeholder needs. To assure that objectives are met, and consequently the needs of the stakeholders, OHC requires effective quality management (QM).

OHC QM activities are scalable and applicable to repetitions of product life cycles (e.g., TCS and Privacy *E2E* projects) to maximize efficiency of QM resources. Additionally, OHC's QM activities attend to the quality of OHC program and project management practices as well to the quality of work products.

OHC builds in quality through thoughtful design of program and project mgmt practices and the design of work products

A primary OHC QM goal is to build in quality through thoughtful design of program and project management practices as well as the design of work products.

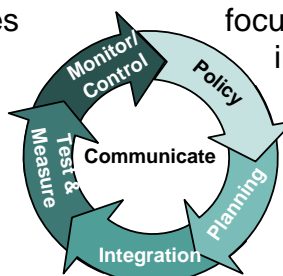
### Foundations & Best Practices

Quality leader Phil Crosby, in his expression of Total Quality Management (TQM), emphasized the costs of conformance and non-conformance. Measuring these costs is partly intended to provide a measurable motivation for implementing QM systems and quality improvement overall. Other quality disciplines describe similar paradigms, which illustrate the value of "designing in quality" and the fallacy of "testing in quality".

In the context of project management, PMI refers to the quality management approaches of experts such as Phil Crosby, while providing a common framework for project QM. OHC utilizes this framework to describe an operational model of QM for DHS HIPAA compliance.

### Operational Model

Figure 20 illustrates the phases of the Quality Management life cycle for OHC. This life cycle includes the establishment of a quality policy and subsequent activities quality assurance (e.g., measurement). These quality control focus in phase. The entire life emphasis on open phases are further



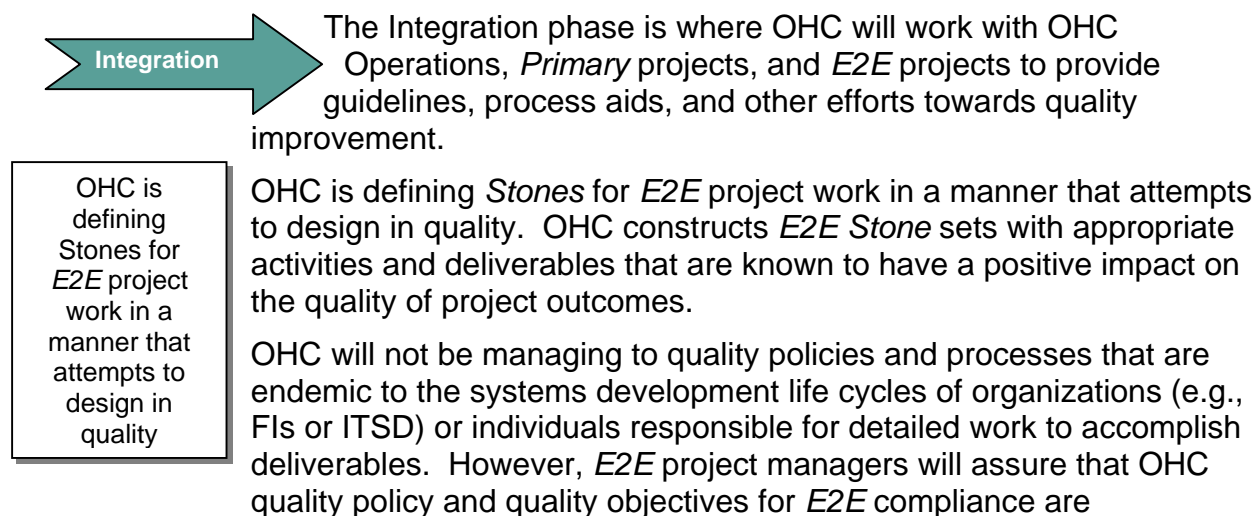
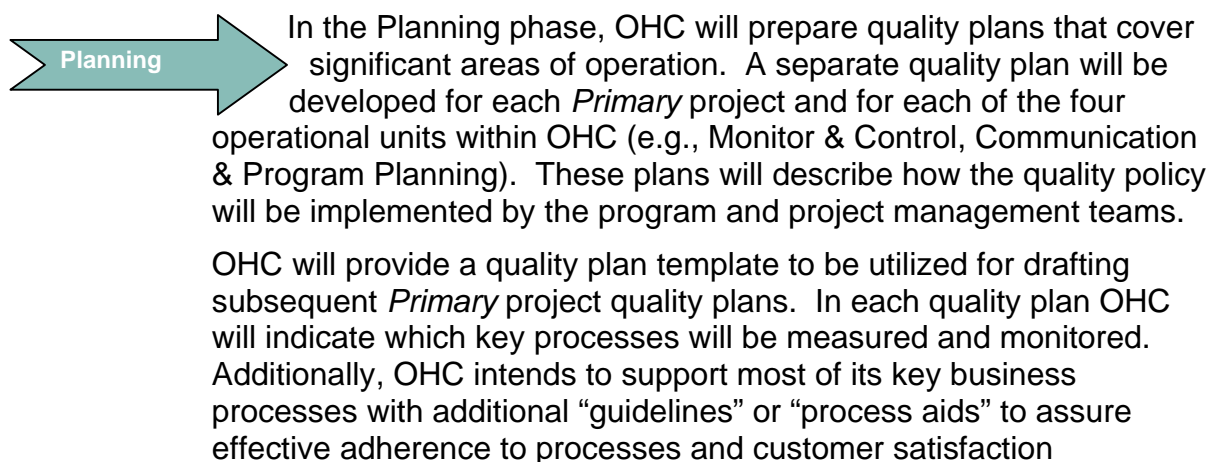
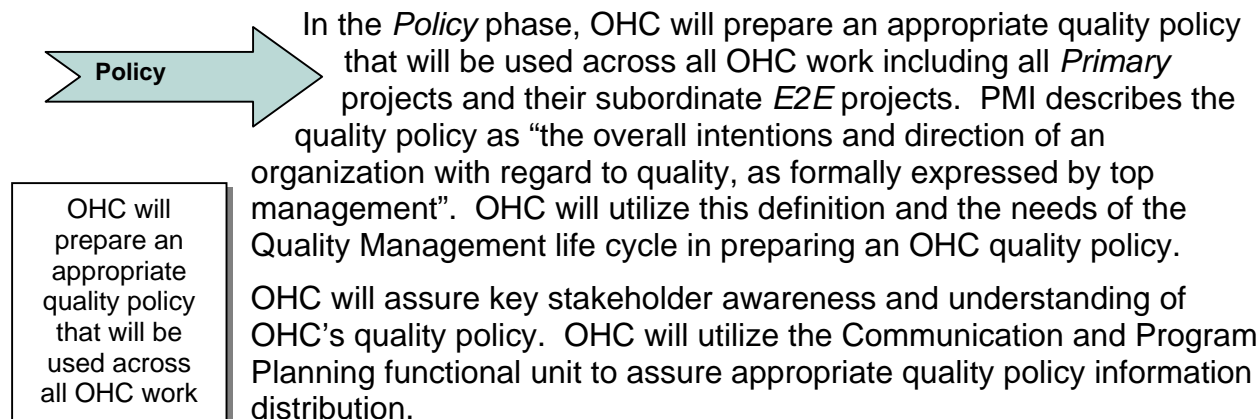
focused on planning and integration and phases are followed by a the Monitor and Control cycle is facilitated by an communication. These described below.

**Figure 20: Quality Management Life Cycle**



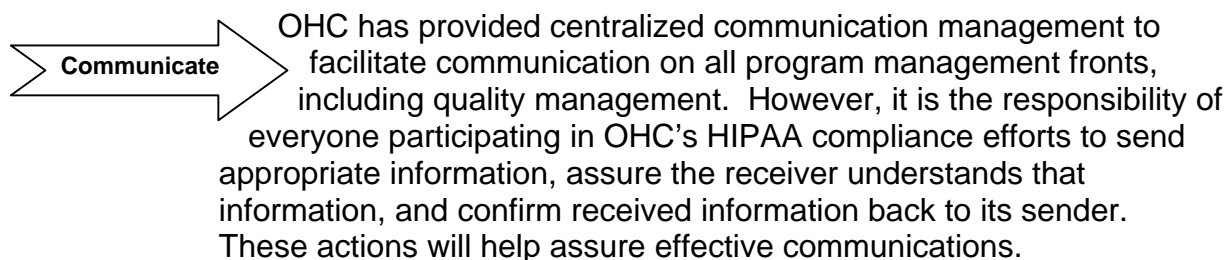
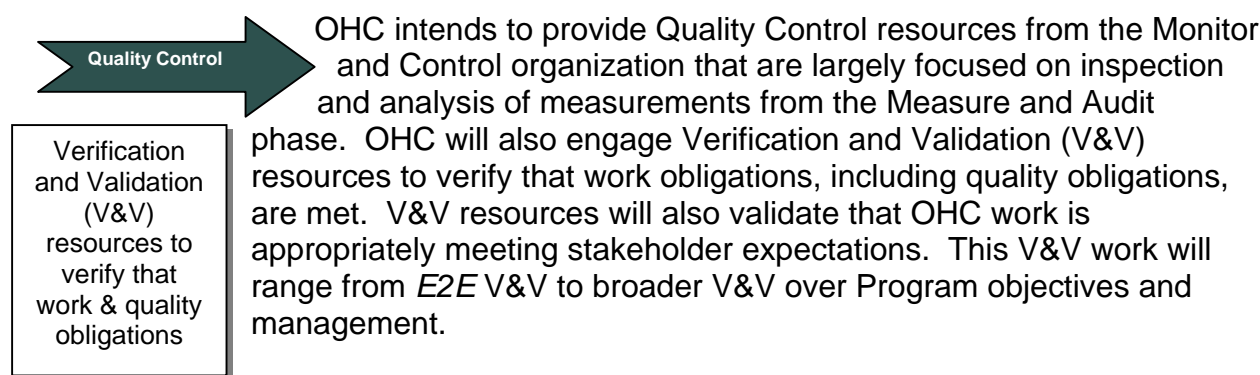
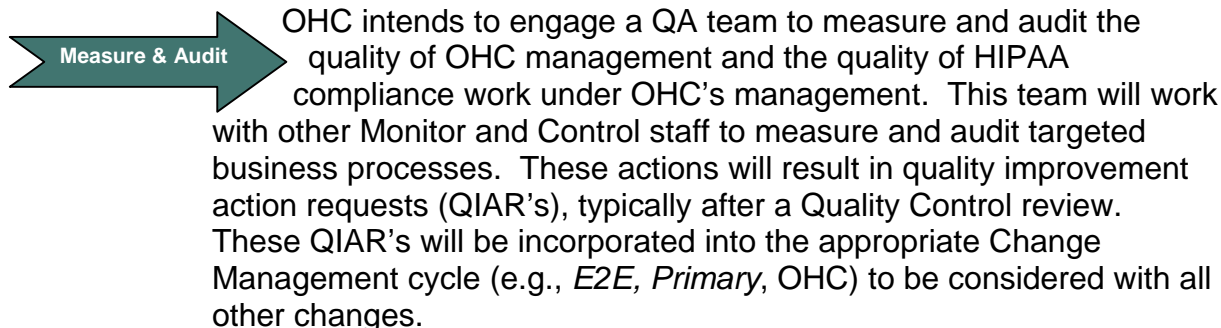
## OHC PM PLAN

Due to similarity in objectives, OHC integrates the needs of Quality Management with scope verification (see Scope Management section) through organizational assignment.



understood by individuals and organizations responsible for deliverables.

OHC Audit and Quality Control tasks will assist project managers (e.g., *E2E* project managers) in assuring process and product quality associated with deliverable construction and other HIPAA compliance work. Scope Verification tasks will also be integrated with these quality tasks.



## Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Cost Management life cycle.

**Table 9: Primary Responsibilities for Quality Management**

Life Cycle Element	Responsible OHC Functional Unit
Policy	Monitor & Control
Planning	Monitor & Control
Integration	Monitor & Control
Test & Measure	Monitor & Control
Monitor & Control	Monitor & Control
Communicate	Monitor & Control

## Program Human Resource Management

### OHC Needs & Objectives

Teamwork is essential to OHC's success. To build the right team that can provide the required services and enjoy successful program and project completion, OHC must have the ability to respond quickly to staffing needs. In response to these needs, OHC must provide effective Human Resource Management.



Teamwork is essential to  
OHC's success

OHC is faced with a unique staffing management situation with a mix of state staff, re-directed state staff, and contract staff from several vendors. All new staff will be expected to be productive and show value quickly, which necessitates an effective orientation and training program. This program must introduce new staff to DHS as well as to OHC and OHC's goals and practices.

OHC requires effective resource tasking, time management, and time tracking for all of its human resources. Additionally, the staffing needs of the program are large, so physical space and equipment requirements to keep teams together are required.

Development of staff, both contract and state, is a key factor in the success of OHC. Orientation, training and team building activities are basic elements in that development. Effective resource management also includes proper recognition and rewards for performance and attention to team and individual motivation. This attention helps OHC assure a level of service and performance excellence required to address diverse stakeholder interests.

### Foundations & Best Practices

OHC recognizes that there may be resistance to organizational change and is aware that successful change ("transformation") is accomplished through eight stages. These stages are listed below, as well as examples of how OHC is responding to these steps:

- ✓ **Establishing a sense of urgency.** OHC has obtained a budget, and with help from the Executive Sponsor, communicated the HIPAA compliance dates to the department.
- ✓ **Forming a powerful guiding coalition.** OHC employs enterprise project management, has been established as a branch within

DHS, achieved Executive Sponsorship, and is guided by a Steering Committee.

- ✓ **Creating a vision.** OHC has created this PM Plan (an implementation plan) and more detailed project plans.
- ✓ **Communicating the vision.** OHC is updating the DHS HIPAA website, and utilizes Provider Bulletins, Meetings, Conferences, Presentations, and a monthly HIPAA Happenings newsletter.
- ✓ **Empowering others to act on the vision.** OHC delegates responsibility through its E2E project approach and working collaboratively with the program areas.
- ✓ **Planning for and creating short term wins.** OHC has and is planning for what can be done and where we can be compliant in a way that shows incremental success.
- ✓ **Consolidating improvements and producing still more change.** The E2E project approach allows for incremental change and improvements.
- ✓ **Institutionalizing new approaches.** The formation of OHC will allow for repeated successes. OHC will also be setting department wide policy for things such as protecting private health information.

PMI also addresses Project Human Resource Management (HR Management) in the PMBOK with three major processes that interact with each other and with processes in the other knowledge areas.

These key processes are:

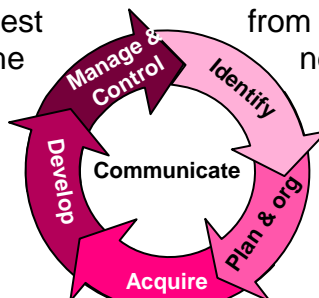
- ✓ **Organizational Planning** – Identifying, documenting, and assigning project roles, responsibilities, and reporting relationships.
- ✓ **Staff Acquisition** – Obtaining the human resources required for OHC work.
- ✓ **Team Development** – Developing individual and group competencies to enhance project performance.

These processes support the fulfillment of Human Resource needs identified in the Cost Management life cycle. Procurement of human resources is managed through the Procurement Management life cycle, along with other external resource needs.

These three processes are integral with OHC's operational model for HR Management. This operational model is described below.

## Operational Model

Figure 21 illustrates OHC's Human Resource Management life cycle. As with many other knowledge areas, this OHC model is put into operation by an external action. This external action could come in the form of a change request life cycle or perhaps the position. Whatever executes in a similar each staffing detailed description of provided below.



**Figure 21: Program Human Resource Mgmt Life Cycle**

The *Identify* phase is used to discover and document the details of a staff position and define the necessary competencies to fulfill the role(s), when new staffing requirements are encountered. These initial items must be addressed before a staffing management plan can be developed or updated. Information needs include:

**Type of position** – state staff job category or HIPAA MSA Service Category and Resource Category

**Type of staff** - state staff, contract staff or re-directed staff

**Role & Responsibilities** – work role and key responsibilities; Skill set required (e.g., technical, administrative, analytical)

**Emotional Intelligence Skills** – soft skills, conflict management skills, communication skills, interpersonal skills

**WBS Assignment** – if possible, identify the lowest level WBS ID or work package ID for this resource

**Period of Performance** – expected start and end dates; number of hours; part time or full time

**Project Interfaces** – organizational, technical and interpersonal

**Constraints** – factors that limit the hiring options

All resources acquired for OHC work must be acquired against written SOW's

All resources acquired for OHC work must be acquired against written Statements of Work (SOWs). OHC has a SOW template to serve this purpose. The SOW includes the information elements listed above.

OHC operational management, *Primary* project managers, and *E2E* project managers have authority to request human resources for OHC work using a SOW. These managers are referred to as the

*Requesting Manager.* The manager who will directly manage the resource is referred to as the *Hiring Manager*. *Requesting* and *Hiring Manager* roles can be served by one individual. The manager in charge of acquiring Human Resources is referred to as the *HR Manager*.

OHC's *HR Manager* reviews project and resource forecasts and alarm potential *Requesting Managers* to assure appropriate resource acquisition lead times.



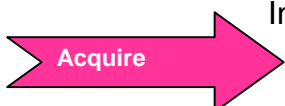
The *Plan and Organize* phase is usually accomplished once for each significant project. The OHC organization that is illustrated in Figure 9 is the result of analyzing the human resource requirements to meet OHC's operational goals. The result is an organization that structures OHC's resources for flexible adaptation to work load. As each *Primary* project is chartered, organizational needs are defined for that project. Each *E2E* project also organizes its unique resources and that organization is communicated to appropriate stakeholders.

With the information documented in the preceding step, the *HR Manager* prepares a staffing management plan to acquire the appropriate staff. For singular resources, this can be a simple plan, but for multiple resources this plan can grow in complexity.

OHC staffing management plans support a measurable performance system.

OHC uses standard templates for defining staffing management plans. The goal of these plans is to assure effective understanding of staff requirements. This includes a written definition of how resources will be acquired, who will perform the acquisition, when the acquisition steps are expected to complete, and how the acquired staff will be taken off the team when work is complete. This supports a measurable performance system.

OHC's *HR Manager* provides a resource profile on all resources utilized under OHC. OHC resource profiles enable the *HR Manager* to direct resources from one need to another. This is critically important to managing those resources that are part of the "Hands-on Work Force", who are directed by the Resource Management organization.




In the *Acquire* phase, control is often passed to Procurement Management processes for actual acquisition of the required staff. In OHC, most of the Human Resource and Procurement Management responsibilities are managed by the Resource Management unit. This facilitates the process of resource acquisition.

If the "Hands-on Work Force" or other existing OHC resources can fill a resource need, then Procurement Management processes are not be



required. However, all resources acquired for OHC work must be acquired against written Statements of Work (SOW's). OHC has a SOW template to serve this purpose.

The Procurement Management Section of this PM Plan contains the processes and procedures for procurement of contract, state and re-directed staff. If procurement is required, the information documented in the previous steps is passed to the Procurement Manager who executes OHC recruitment practices. Once staff have been acquired, control is returned to the Human Resource Management process.

 The *Develop* phase is focused on individual and team development required to achieve OHC's objectives. To develop a team, the goal should be enhancement of an individual's ability to contribute as well as enhancement of the team to function as a team. OHC expends effort on Team development as well as individual development to meet the needs of compliance projects. These efforts are ongoing and start from the day that a new staff member joins OHC.

Training will be provided to new staff members as required by work objectives.

Training is provided to new staff members as required by work objectives. OHC minimally provides basic training to all OHC staff. The basic training program is intended to provide the new team member with the following curricula:

**Orientation** – An introduction to the mission of OHC, the OHC PM Plan and methodologies, and other general information about the office.

**DHS 101** – For those who have not been involved with DHS, whether they be contract or state staff.

**HIPAA 101** – A general introduction to the HIPAA rules for those who are not yet familiar.

Team building activities are a standard agenda item and an integral part of each OHC team meeting. These activities are especially important to maintain positive working relationships between the diverse groups of individuals expected to populate OHC. These team-building exercises showed value in Phases 1 and 2.

Team building activities are a standard agenda item and an integral part of each OHC team meeting.

Reward and Recognition Programs are formal management actions that promote or reinforce desired behavior. To be effective, such programs must make a link between project performance and clear, explicit and achievable rewards. The state has several standard programs for state staff including Employee of the Month and Sustained Superior Performance. It is the intention of OHC management to extend these types of programs to encompass all staff, contract or state. There are also many informal methods of



recognizing exemplary performance that are employed by OHC to ensure team recognition of peers.

Co-location involves placing all or nearly all team members at the same physical work site. OHC recognizes the importance of this factor and has secured appropriate accommodations at Cal Center Drive to meet this need. It should be noted, however, that re-directed staff will remain in their program areas while working on HIPAA.

General Management Skills provide much of the foundation for building project management skills. The PMBOK describes key general management skills that are highly likely to affect most projects. OHC strives to obtain management level staff that embodies these skills by employing PMI certified project managers as well as encouraging PMI certification to interested staff members. The key skills are described as:

- ✓ **Leading** – establishing direction, aligning people, motivating and inspiring
- ✓ **Communicating** – see Communication Management Plan
- ✓ **Negotiating** – conferring with others to reach agreement
- ✓ **Problem solving** – problem definition and decision making
- ✓ **Influencing the organization** – the ability to “get things done”



The *Manage and Control* phase is the integration point for Human Resource Management. During this phase staff are engaged on OHC work in accordance with the original SOW for each resource. The *Hiring Manager* (e.g., *E2E* project managers) manages human resources to the accomplishment of deliverables. The *Hiring Manager* utilizes indicators of performance and work to control work product outcomes and the overall performance of OHC’s human resources.

OHC practices should greatly minimize the appearance and impact of poor performance.

If performance is unacceptable the hiring manager can take a variety of corrective actions including reassignment, work improvement plans, and dismissal (for contract staff). OHC follows all state personnel guidelines for managing unacceptable state staff performance. However, OHC has established Human Resource acquisition and management practices that should greatly minimize the appearance and impact of poor performance.



OHC has provided centralized communication management to facilitate communication on all program management fronts, including human resource management. However, it is the responsibility of everyone participating in OHC’s HIPAA compliance

efforts to send appropriate information, assure the receiver understands that information, and confirm received information back to its sender. These actions help assure effective communications.

### Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Time Management life cycle.

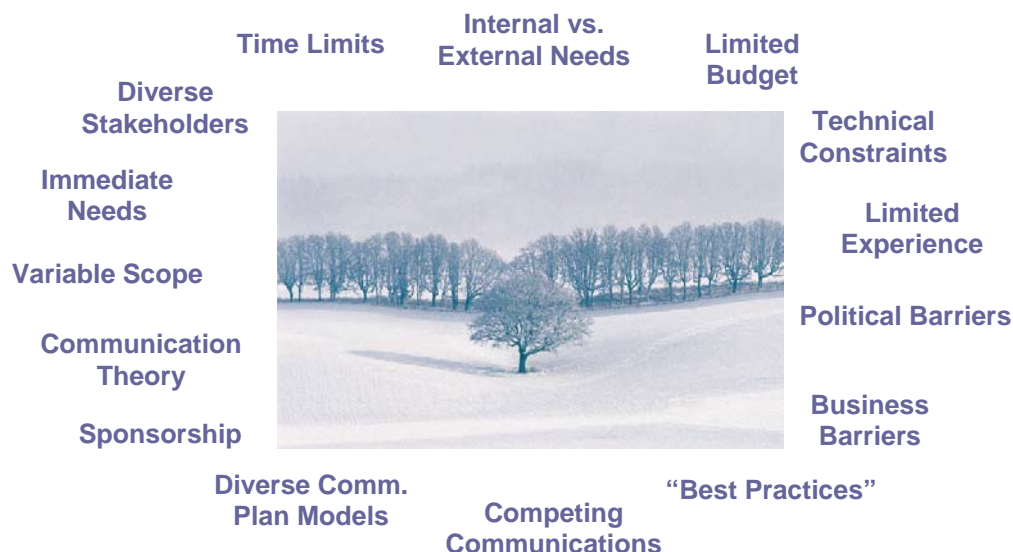
**Table 10: Primary Responsibilities for Human Resource Management**

Life Cycle Element	Responsible OHC Functional Unit
Identify	Resource Management
Plan & Organize	Planning & Communication
Acquire	Resource Management
Develop	Resource Management
Manage & Control	Hiring Managers
Communicate	Resource Management

## Program Communications Management

### OHC Needs & Objectives

Program communication management is largely targeted at meeting the information needs of program stakeholders while attending to program constraints. OHC's Communication Management needs are derived from a complex environment, as illustrated in Figure 22. This



**Figure 22: OHC's Communications Environment**

environment includes a broad variety of stakeholder interests, timing constraints, budget considerations, and various barriers to effective communication.

OHC's communication management environment and solution are unique. However, most of the constituent elements of this environment are common to communication management as a practice. As a result, the solution elements for OHC communication management are also common. This commonality allows for OHC unique solution to be relatively simple and effective.

Described below is the operational model for managing the communication needs of OHC's diverse stakeholders. This model will also illustrate how communication will be managed at the *Primary* project level, including integration with the Program Plan.

## Foundations & Best Practices

The Project Management Institute (PMI) describes the key processes that comprise project communications management. These processes can also apply to program communication management and include:

- ✓ Communications Planning
- ✓ Information Distribution
- ✓ Performance Reporting
- ✓ Administrative Closure

The PMBOK notes that these processes allow project information to be both timely and appropriate. Key communication management activities are listed below. Each of these key activities is embodied in the operational model, which is illustrated below.

- ✓ Generation
- ✓ Collection
- ✓ Dissemination
- ✓ Storage
- ✓ Final Disposition

OHC uses a hybrid of best practices to allow for sorting and prioritization of broad communication demands.

There are a variety of best practice examples in the area of Communications Planning, especially in relation to Stakeholder Analyses. The operational model below uses a hybrid of these practices to allow for sorting and prioritization of broad communication demands. This practice allows for focusing limited communication resources on communications with the most value.

Communication theory and the PMBOK both point to understanding the “sender-receiver” model as essential to effective communication. The operational model below illustrates OHC attention to this critical element of successful communication, especially for large complex programs.

## Operational Model

The environment surrounding OHC has prescribed some simple elements of success that are attended to continuously. These elements are:

**Focus on People** – assure effective & useful communications...attend to sender & receiver responsibilities.

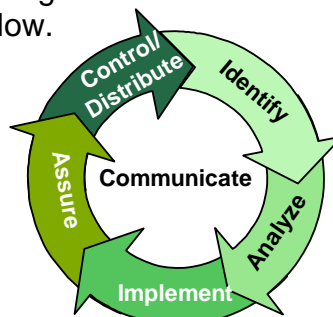
**Use Incremental Approach** – allow for learning & change; build confidence & correct problems.

**Attend to Scope** – understand business, financial, technical boundaries... and use them for advantage.

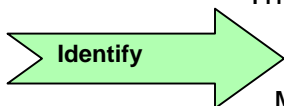
**Be Integrative** – integrate with other business processes (internal & external) to create an effective *system*.

**Get Going** – timeliness is critical... provide processes that assure quality information in a timely manner.

To provide an operational backbone for OHC Program Management, a communications management life cycle has been constructed. This life cycle is illustrated in Figure 23. There are six life cycle elements, which are described below.



**Figure 23:**  
**OHC's Communication Management Life Cycle**



The *Identify* phase in the life cycle is primarily focused on defining the scope of program communication efforts as well as defining communication needs. The scope of OHC Program Management Communications is limited to satisfying the communication needs of the stakeholders identified in the Program Charter. These needs must be met in concert with other OHC objectives and within the budget constraints of OHC funding.

Defining communication needs simply means characterizing communication requests using a common set of parameters.

Defining Communication needs simply means characterizing communication requests using a common set of parameters. These parameters include:

**Who** – Who are we communicating to?

**What** – What information or data are we communicating?

**When** – How frequently, and specifically when, are these communications required?

**Why** – What is the intended use of the information provided?

**Preferred How** – What is the preferred method of communication?

**Internal/External** – Is the receiver internal or external to OHC?

**Influence** – How much influence does the stakeholder have on OHC's success (Low, Med, High)?

**Impact** – What is the impact on the stakeholder or stake holder's organization if this communication need is not met (Low, Med, High)?

All new communication requests should originate from or spawn the creation of an issue/change.

Each communication need will be initially characterized using these parameters. This sets the stage for further analysis to decide if and how these communication needs will be met. All new communication requests should originate from or spawn the creation of an entry in the OHC issue/change management process.

Operational procedures and tools to support communication management are further defined in OHC Communications Operational Guide.



The *Analyze* phase takes the output from identification process and puts it through a set of specific steps to determine *if OHC should meet* and *how OHC should meet* the communication request.

The analyze process include the following questions:

- ✓ **Are there existing solutions/products?** - that might satisfy the request?
- ✓ **Is the data available?** – is underlying data already captured?
- ✓ **Impact & Influence Analysis** – where is this stakeholder on the Impact & Influence Quadrant (see appendices for example)
- ✓ **Cost Factor Analysis** – Cost of providing versus not providing

The cost of communication satisfaction is an important consideration for OHC

Frequently, the information that a request is seeking already exists in a product being delivered to another stakeholder. That particular product might require some modification to satisfy a new request, or it may be acceptable as is. It is also the case that the data may be available in some form, but is not currently a part of any existing communication delivery.

Sometimes the data requested is not available in any form and providing that information to a stakeholder could require expending considerable resources. The analysis process will review the database of current products to determine how best to fulfill the information needs of the interested stakeholder(s).

The cost of communication satisfaction is an important consideration. This analysis process considers factors beyond just the true monetary costs. For this analysis, OHC has created an 'Influence vs. Impact'

## OHC PM PLAN

OHC has created an 'Influence vs. Impact' model for stakeholder analysis.

model illustrated in the appendices. The Influence vector scale determines the amount of influence the stakeholder has over the success of OHC. The Impact vector is used to identify the amount of impact that OHC has on that stakeholder. This information is often the most important element in determining whether or not a request can be met.

When the above factors have been considered and a decision has been made to move forward, the request is put through the next steps in the analysis process:

- ✓ **Recommended Solution** – best path for success
- ✓ **Negotiation** – with requestor if necessary
- ✓ **Prioritization** – compared to other tasks

The communications team will recommend a solution which, depending on the circumstances, could be anything from adding the requestor to an existing distribution list to designing a whole new reporting vehicle. The recommended solution will be presented back to the requestor through the change control process and any required negotiations will take place. Once the solution has been agreed upon, the request will be prioritized against the existing work in process and in queue.



In the *Implement* phase, the OHC team will define the agreed upon solution. Part of that definition process will include determining which OHC operations group is responsible for the development of the solution. If a significant development effort is required, then the request will be turned over to that team with management of the project being coordinated by the Communications team and the development team.

During the implementation, the communications team will be in contact with the stakeholder to test and validate that the requirements are being addressed.

Monitor & Control will assure that regularly scheduled communication products are produced and distributed

Eventually all processes, whether they require new development or simply an addition to an existing distribution list, will be turned over to the Monitor and Control function for installation into the production processes of OHC. It is a function to ensure that regularly scheduled communication products are produced and distributed in accordance with instructions provided by Communication & Program Planning.





The *Assure* phase is a critical component of the OHC Communications Management philosophy and encompasses the following elements that set it apart from standard communication plans:

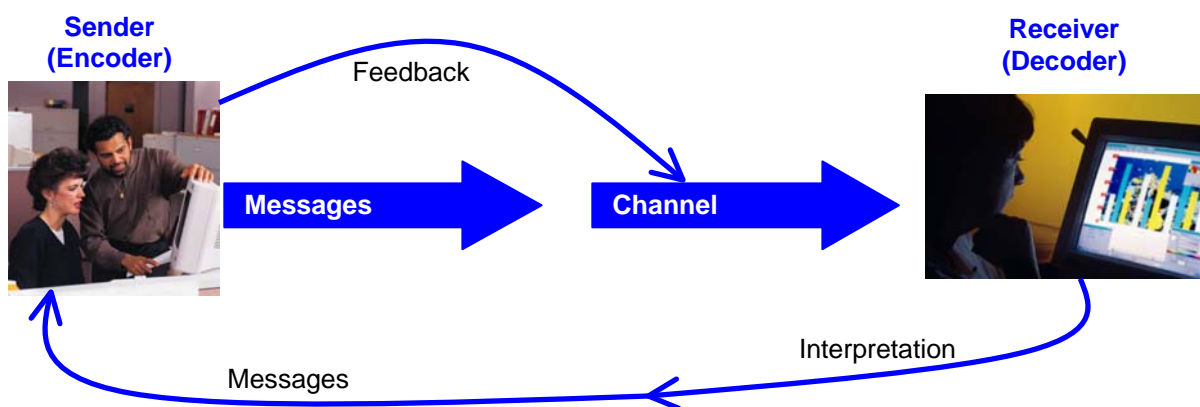
- ✓ **Communication Bridging** – to initially establish two way communication between OHC and a stakeholder
- ✓ **Follow-up** – *Initially* to validate that stakeholder needs have been met, and *ongoing* follow-up to assure needs are met over time
- ✓ **Sender/Receiver Responsibilities** – to define the responsibilities of both entities

Communication Bridging is OHC's way of personalizing the contact with an OHC customer (stakeholder).

Communication Bridging is OHC's way of personalizing the contact with an OHC customer (stakeholder). This can happen in the *Identify* or *Analyze* phases and no later than in the *Assure* phase. OHC will provide personal contact with the requestor and assure a communication channel for monitoring status of the information request.

Once the requested communication product has been delivered, it is the responsibility of the communications team lead to verify with the stakeholder that their expectations have initially been met. The team lead will work with the stakeholder to establish an agreed upon method of ongoing communication with OHC which will be documented in the communications database. If necessary, the stakeholder will be educated on the sender/receiver model and responsibilities will be assigned to both the stakeholder and OHC.

Feedback is required to ensure effective ongoing communication. The OHC Communication Plan is founded on a basic sender/receiver communication model to facilitate that feedback (Figure 24). In the model a sender creates a message, transfers that message to the



**Figure 24: A Basic Communication Model**



receiver, and then interprets the feedback from the receiver. Understanding the concepts of this model increase the odds for successful communications. The elements of the model are described in more detail below.

#### Sender

The sender begins the communication process by encoding the message that is to be transmitted. The process of encoding occurs when the sender selects proper symbols such as words, gestures, or pictures to send to the receiver.

#### Receiver

The receiver attaches meaning to the message that has been transmitted through the process of decoding, which is essentially an interpretation. This interpretation is critical to the success of the message. . It is essential that the partners communicate via the same code and that they have a common 'field of experience'. Communication problems caused either by the interference of noise or by the lack of correspondence between the fields of experience, can be solved via a feedback channel.

#### External Environment

A proper environment ensures that the communication occurs in a location that incorporates the appropriate levels of privacy and formality. The distance between the sender and the receiver is also accounted for in the environment element.

#### Message

This is the information that sender wishes to deliver to the receiver.

#### Channel

Senders need to select the channel that is most effective. Channels can include verbal, telephone, written reports and websites. The channel needs to be free of any noise that might distract the receiver. The concept of 'noise' is to indicate anything not part of the original message that the sender intended to transmit to the receiver that could be perceived as a distraction, for instance static on a telephone line or advertisements on a website.

#### Feedback

Feedback is a key element in the model. Without it, senders cannot be sure that they have communicated effectively with receivers. If it is the sender's responsibility to ensure that the message is sent in a form that is most understandable to the receiver, it is the receiver's responsibility to provide the feedback necessary to validate the sender's message.



In the *Control/Distribute* phase, the product is being produced on a regular frequency by the OHC Monitor & Control team or other production source. Since communication bridging is in place and the sender receiver model is understood, the quality assurance developed in the prior step lives on. On a periodic basis, the Communication team will validate with the stakeholder that the product is still satisfying their needs and that the quality of the product is consistent. The receiver will be responsible for providing appropriate feedback to the Communication team as well.

Administrative closure of projects is also the responsibility of Commun. Mgmt

Administrative closure of projects is also the responsibility of Communications Management and is managed in this phase. When projects (e.g., *E2E*, *Primary*) are completed the responsible project manager is required to submit an OHC Project Closure Summary, using a template supplied by OHC. This closure summary will be reviewed by OHC and the project will be closed if appropriate. This action will also allow OHC to recognize successful completion of

projects and the efforts of staff and organizations who contributed to success.



OHC has provided centralized communication management to facilitate communication on all program management fronts, including communications management. However, it is the responsibility of everyone participating in OHC's HIPAA compliance efforts to send appropriate information, assure the receiver understands that information, and confirm received information back to its sender. These actions will help assure effective communications.

### Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Communication Management life cycle.

**Table 11: Primary Responsibilities for Communication Management**

Life Cycle Element	Responsible OHC Functional Unit
Identify	Communication & Program Planning
Analyze	Communication & Program Planning
Implement	Communication & Program Planning
Assure	Communication & Program Planning
Control & Distribute	Monitor & Control
Communicate	Communication & Program Planning

## Program Procurement Management

### OHC Needs & Objectives

Procuring resources is a process that can drive the success for obtaining qualified and competent individuals and business vendors. Additionally, a solid procurement process ensures that the proper computer hardware and software, supplies, and facilities are procured. This is intended to maximize the efficient utilization for those resources to accomplish the specified work.

This section addresses the procurement of all resources not yet engaged by OHC

The success of procurement efforts can impact the success of a project. Within OHC, there are a host of activities required to be completed in order to comply with HIPAA final published rules. HIPAA activities consist of the work performed by the State support staff, contracted staff, and by the FIs.

OHC is cognizant of the work requirements, resource requirements, scope, time, and other business drivers in order to successfully procure the necessary resources in a timely and efficient manner. The scope of this management section addresses the procurement of all resources not yet engaged by OHC.

For the HIPAA compliance program within DHS, OHC is responsible for procuring resources, such as state and contracted staff, computer hardware and software, supplies, and facilities. The FIs fall outside of the scope of the procurement management process within OHC. However, OHC is in the process of establishing a procurement life cycle, which reflects the needs of all identified HIPAA work to be accomplished, including support for the FIs for HIPAA compliance activities.

Contracted staff will be procured through the Master Services Agreement (MSA)

For the State support staff, resources are obtained through the state hiring process as well as through the redirection of existing DHS program areas to work on HIPAA compliance activities. Contracted staff have been, and will continue to be, procured through the Master Services Agreement (MSA) procurement vehicle. The MSA offers a “best value” selection approach for choosing qualified vendors to perform HIPAA work. Other resources procured (e.g., computer hardware and software, support, facilities) will be accomplished through the Purchase Order process currently utilized by OHC.

Additionally, the organizational structure within OHC for procurement management includes the State support staff, which is providing oversight and guidance to the procurement process, and other key stakeholders. Included in the centralized procurement approach is a structure that allows for proper checks and balances for procuring

resources. This approach allows for proper coordination with the Department of General Services (DGS) and the California Office of HIPAA Implementation (CalOHI) to utilize the best and most efficient practices for obtaining and procuring resources. Furthermore, the procurement structure includes the close coordination of OHC and key project managers. This close coordination includes the identification of work, resource requirements, cost estimation, and procurement vehicles to obtain those resources for HIPAA compliance activities.

## Foundations & Best Practices

PMI and DGS practices are foundations for OHC's Procurement Management practices

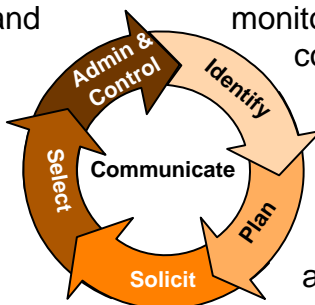
PMI describes the key processes for procurement management. DGS also provides guidelines for procurement acquisition, management and control. PMI's key procurement processes include the following:

- ✓ Procurement Planning
- ✓ Solicitation Planning
- ✓ Solicitation
- ✓ Source Selection
- ✓ Contract Administration
- ✓ Contract Closeout

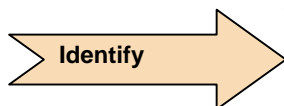
Each of these processes allows for effective planning, management and controlling of the procurement life cycle. Each of these processes are embedded in the operational model, which is illustrated below.

## Operational Model

Figure 25 illustrates OHC's Procurement Management life cycle. This life cycle describes the approach for identifying, soliciting, selecting and administering and monitoring procured resources for compliance work. These processes are based on a proven methodology as defined by PMI's PMBOK. These processes are also based on DGS guidelines for procurement acquisition, control. The procurement approach for HIPAA involves



obtaining state and contracted staff, computer hardware and software, supplies and facilities needed to comply with HIPAA final rules.



The *Identify* phase within the HIPAA procurement lifecycle involves identifying the necessary work to be accomplished. The primary input to this element is the estimating tool, which identifies the resources for a model *E2E* project. The work required is identified within two types of venues: OHC Operations and the *E2E* projects within the *Primary* projects (e.g., Transactions, Code Sets, Privacy).

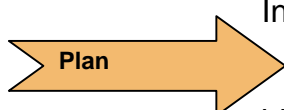
The primary output from this process is an updated work breakdown structure

Within an *E2E* project, the *E2E* project manager identifies the type of work to be performed, as well as the estimated resources required for accomplishing the work. The estimated resources required may include state and contracted staff, facilities to be leased, computer hardware and/or software, and all other supplies.

The *Identify* phase also includes the identification of work to be performed within the operations of OHC. For most HIPAA compliance activities, there is deliverables-based work. The OHC Branch Chief and the OHC Project Lead, in consultation with the HIPAA Procurement Team, are responsible for identifying the resource requirements needed to perform the work.

Additionally, within this element is the identification of the procurement vehicle that best meets the needs for procuring the resources.

The primary output from this process is an updated WBS, which identifies the work to be accomplished within OHC Operations and the *Primary* project areas. Another output to this process is the identification of the appropriate procurement vehicle(s) for procuring resources.



In the *Plan* phase the OHC Procurement Team works with the *E2E* project manager or the OHC Branch Chief to plan the procurement of the necessary resources for accomplishing identified work. The OHC Procurement Team is comprised of state staff and other key stakeholders within OHC. Key elements of the procurement planning process include:

- ✓ [Acquisition Methodology](#) – identifying a method for procuring resources
- ✓ [Tracking Tools](#) – to track procurement activity, and addressing cost and other procurement considerations
- ✓ [Procurement Planning Criteria](#) - to determine the solicitation and selection of qualified business vendors

The primary procurement vehicle for obtaining external business vendors for HIPAA compliance activities is the MSA, which was created by the DGS to “obtain qualified suppliers to provide guidance and assistance to service state, public sector and government

agencies to be in compliance with the Health Insurance Portability and Accountability Act (HIPAA).” Vendors awarded for HIPAA based on experience in each of the identified MSA Service Categories are eligible to compete and to be selected for completing deliverables-based work for HIPAA.

Qualified MSA business vendors with a proven record of providing project management, business process, policy analysis support and information technology services to state government agencies are asked to bid on a Request for Offer. Vendor selection is based on selection criteria, including the outcome of interviews of key vendor staff proposed for the project. The MSA provides the HIPAA Program a list of vendors from which a “best value” selection can be made for deliverables accomplishment.

The procurement planning process includes the methodology for procuring computer hardware and software, supplies, and facilities. Currently, the Purchase Order process is utilized within DHS for procuring the needed computer hardware and software and supplies. Facilities are leased through the consultation of the DHS facilities manager and DGS.

The OHC Procurement Team procures these items, in consultation with the *E2E* project manager and the OHC Branch Chief, and submits to the current DGS best practices and procedures.

Procurement planning also involves the identification of constraints, which could impede successful procurement efforts. Some of the potential procurement constraints include:

- ✓ Lack of funding for procuring necessary resources to accomplish the specified work
- ✓ Lack of business vendor expertise and/or qualifications for accomplishing the required work
- ✓ Inaccurately forecasting resource requirements which could delay or impede procurement
- ✓ Timely and accurate information from *E2E* project managers

During this *Plan* phase, the OHC Procurement Team develops the criteria necessary to determine the solicitation and selection of qualified business vendors. Included in the identification of criteria are qualifications and experiences related to HIPAA and/or the health care industry, relevant crossover methodologies that could be utilized in the *E2E* project and OHC operational environments, and cost, scope and time considerations. These criteria are further defined and detailed within the solicitation and selection elements of the procurement lifecycle.

## OHC PM PLAN

The primary output to this process is a procurement implementation plan

The primary output to this process is a procurement implementation plan which identifies the procurement vehicle(s) to be used, the required resources to be procured, procurement roles and responsibilities, procurement timeline, and procurement activities.



The primary input to the *Select* element phase is the procurement implementation plan. The procurement implementation plan facilitates the process for soliciting resources for OHC. The required resources and procurement vehicle(s), within the procurement implementation plan, drive the process for procuring resources needed for OHC Operations and the *E2E* projects.

Within this element phase, OHC solicits from prospective state and contract entities, facilities owners/representatives, and computer hardware and software / supplies vendors to procure the resources, which will be effectively utilized to perform HIPAA compliance activities.

The following is a breakdown of the solicitation phase by particular resources:

### State Support Staff

The primary input for the State support staff *Solicit* phase is the procurement implementation plan, which addresses the methodology and resources required for state staff through hiring or redirection.

During the *Solicit* phase for state support staff, OHC will advertise its available state positions through DHS and the California State Personnel Board (SPB). An open filing period will occur to allow for applicants to apply for the available positions. OHC will collect the applications, and will review the applications for qualified candidates.

When utilizing the State hiring process, OHC will adhere to the guidelines provided by the SPB for hiring state staff. Additionally, OHC will submit a hiring freeze exemption request to the Department of Finance (DOF) in order to obtain hiring freeze exemption approval. To hire state support staff, OHC will accept a completed standard 678 form (application for state service), along with a cover letter, which will be submitted to OHC for consideration.

For redirected staff, OHC will request qualified staff from the DHS program areas to work on HIPAA. OHC will solicit redirected staff through internal DHS advertising.

The primary output to the State support staff solicitation process is a list of qualified state support staff to interview and/or to be selected to perform HIPAA compliance activities.

### Contracted Staff

The primary input to the solicitation of contracted staff is the HIPAA Master Services Agreement (MSA) Vendor List. The HIPAA MSA Vendor list will be used by OHC to solicit potential business vendors for the identified work. The MSA HIPAA Vendor List includes all vendors qualified to perform the specified work within the HIPAA service categories enumerated on the HIPAA MSA.



OHC will follow the DHS and CalOHI guidelines for posting a Request for Offer (RFO). This RFO will describe the project background, define the scope of work to be performed for the project, specify the deadline for submitting the proposal, performance qualifications, requirements and other information they will need to determine their interest and ability to perform the work, as well as the cost boundaries not to be exceeded for the work.

Prospective business vendors will be allowed to submit clarification of instructions and interpretation of qualification instructions, in addition to other questions, within a specified timeline to OHC. Responses to these inquiries will be addressed and disseminated to all qualified business vendors.

By disseminating all questions and answers to the prospective vendors, all prospective sellers are able to remain on equal footing during the solicitation process. Additionally, any initial scoping changes will be addressed during this element of the procurement lifecycle.

The primary output to the Solicit element phase is a proposal from perspective business vendors describing the scope of services, timeline, cost, required RFO responses and quality assurance activities necessary for accomplishing the particular E2E project(s)/deliverable(s). The proposal must include all components of the RFO. Any deviation from this template will be subject to disqualification from selection consideration.



Selecting qualified resources for HIPAA compliance activities will occur during this element of the HIPAA procurement lifecycle. Given the comprehensive nature of the procurement process, a variety of resources will be selected. The resources selected include:

- ✓ HIPAA funded State positions
- ✓ Redirected State staff
- ✓ Contracted staff
- ✓ Computer hardware and software / supplies
- ✓ Facilities

### State Support Staff

The obtainment of State staff for budget year will be accomplished through the State hiring process, as well as through the redirection of State staff. OHC has recognized the current freeze on hiring State staff, and will work within the confines of the hiring freeze provisions for obtaining State staff. However, the current hiring freeze provisions for redirecting state staff from DHS program areas to OHC to work on HIPAA does not apply to OHC.

During this selection phase, interviews will be conducted once the open filling period for the advertised positions has elapsed. Once applicants for the particular position have interviewed, a selection will be made.

OHC will be the final selection authority for hiring State support staff. OHC will also provide final approval for redirected staff from the DHS program areas. The redirected staff will have the appropriate skill set and qualifications applicable for



the available position. OHC will work with the DHS program areas to identify and select the most qualified, available staff for OHC.

## Contracted Staff

The OHC Procurement Team will review all proposals and other relevant documentation. The OHC Procurement team will evaluate all proposals based on evaluation criteria, which may include pre-selection criteria, weighting or screening selection system. The evaluation criteria will include cost, scope and time factors, along with HIPAA experience and relevant qualifications, among other considerations. The criteria for selection will be based on the evaluation criteria proposed and selected during the planning element phase.

The OHC Procurement Team will prepare an evaluation recommendation based on the results of the evaluation process. After selection of the business partner, OHC staff will notify all qualified business partners. OHC staff will debrief partners individually in confidential meetings on selection rationale.

During contract negotiations, OHC and the selected HIPAA vendor will determine the terms and conditions of the contract. The terms and conditions will include the requirements and scope, implementation schedule, project deliverables, compensation model, and other work performance measures.

Upon agreement of the contract and the planning documents, the contract is awarded. OHC project staff will send a "Letter of Intent to Award" to the selected vendor. OHC HIPAA project staff will provide copies of final proposals upon written request in accordance with Public Contract Code and the California Public Records Act. Qualified business vendors will have the opportunity to remove any trade secret or proprietary information prior to release of their final proposal to any requestor.

## Computer Hardware and Software / Supplies

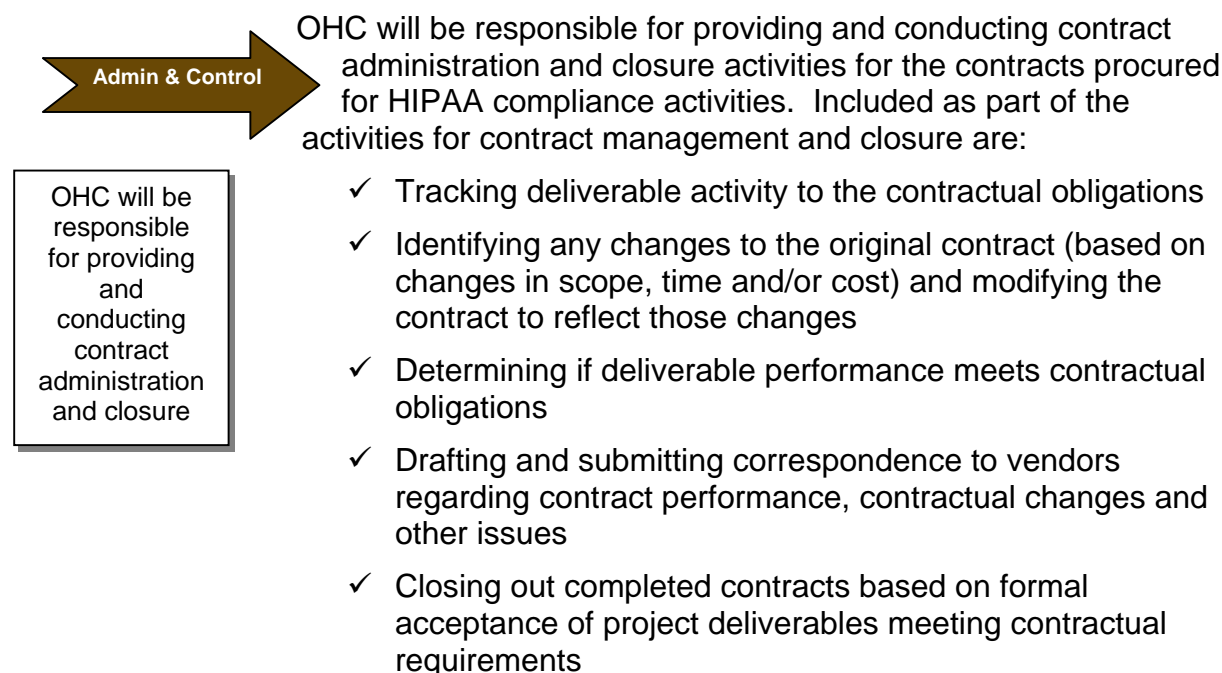
The computer hardware and software as well as supplies will be selected based on the required resources identified during the *Identify* phase. The main business driver in the selection of those resources is the number of state and contracted staff needed to perform the HIPAA compliance activities. The identification of the staffing need will assist in determining the number of computers, peripheral equipment, software, and other office supplies for those newly procured resources.

## Facilities

Leasing facility space is driven by the amount of State and contracted staff, and to a lesser extent, the amount of computer hardware and software procured. The selection of facilities to be leased will be conducted by OHC, with the assistance of the DHS facilities manager and DGS. Facilities are selected based on the "best value" criteria offered by the facility, as well as the terms and conditions of the lease.

The Resource Management function, which includes members of the OHC Procurement Team will coordinate and drive oversight and guidance activities for this element phase. The Resource Management function will work with the other OHC Operational functions, the Primary project managers and the individual E2E

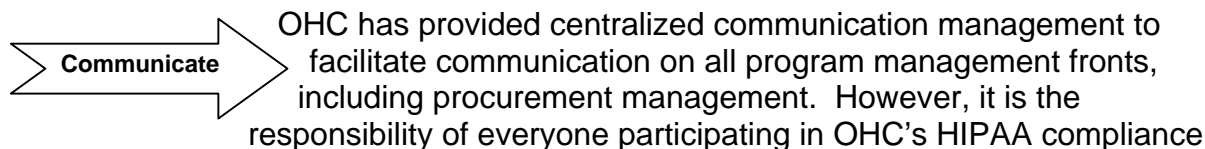
project managers to ensure the successful selection and procurement of resources.



A proven project management tool will be used as the contract administration and monitoring tool. This tool will be used for monitoring any change request made to the contract, as well as contractual performance measures.

Within OHC, the Monitor and Control function will be responsible for ensuring that the deliverables and/or performance measures meet the terms and conditions, as outlined in the contract.

Additionally, OHC will establish a HIPAA project library for use in storing deliverables. For contract storage management, the HIPAA Procurement Officer will store all contracts, related contract change request documentation and amendments, and all correspondence in a centralized controlled storage repository. The documentation and storage of all HIPAA-related contracts is critical for potential auditing purposes. All deliverables will be considered OHC State proprietary documents.



efforts to send appropriate information, assure the receiver understands that information, and confirm received information back to its sender. These actions will help assure effective communications.

### Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Communication Management life cycle.

**Table 12: Primary Responsibilities for Procurement Management**

Life Cycle Element	Responsible OHC Functional Unit
Identify	Resource Management
Plan	Resource Management
Solicit	Resource Management
Select	Resource Management
Admin & Control	Monitor & Control
Communicate	Resource Management

## Program Risk Management

### OHC Needs & Objectives

Effective risk management is important to any sound project management methodology. Due to the scope of the DHS HIPAA compliance program, effective risk management is paramount. However, risk management within DHS is not yet a well-defined process while other state guidelines for risk management are currently under development.

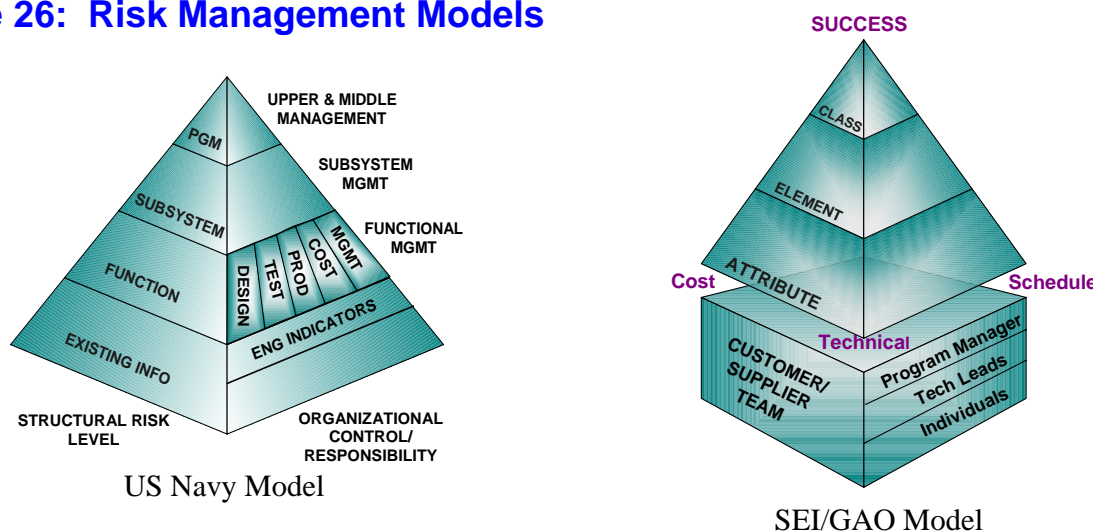
OHC requires a low impact, low complexity risk mgmt process that is founded on industry best practices

In recognition of the risk management environment surrounding the DHS HIPAA compliance project, OHC requires a low impact, low complexity risk management process that is founded on industry best practices. In keeping with OHC's management philosophy of allocating management processes where management occurs, risk management must be allocated to E2E projects as well as to the OHC Program Management Office.

### Foundations & Best Practices

Risk Management is the systematic process of identifying, analyzing, planning and responding to project risk. It includes maximizing favorable future outcomes and minimizing the probability and consequences of adverse events to project objectives. Figure 26 illustrates two models of risk management, which represent two ways of organizing and identifying risks based on very different organizational demands (e.g., "organic" vs. "hierarchical").

**Figure 26: Risk Management Models**



Considering these very different organizational backdrops, these models still illustrate commonality in two areas...

- ✓ **Hierarchy** - Risks vary by structure or function in an organization, group, or endeavor (e.g., Agency, Department, Program, Project)
- ✓ **People** - Risk knowledge is provided by the full spectrum of people in an organization, group, or endeavor

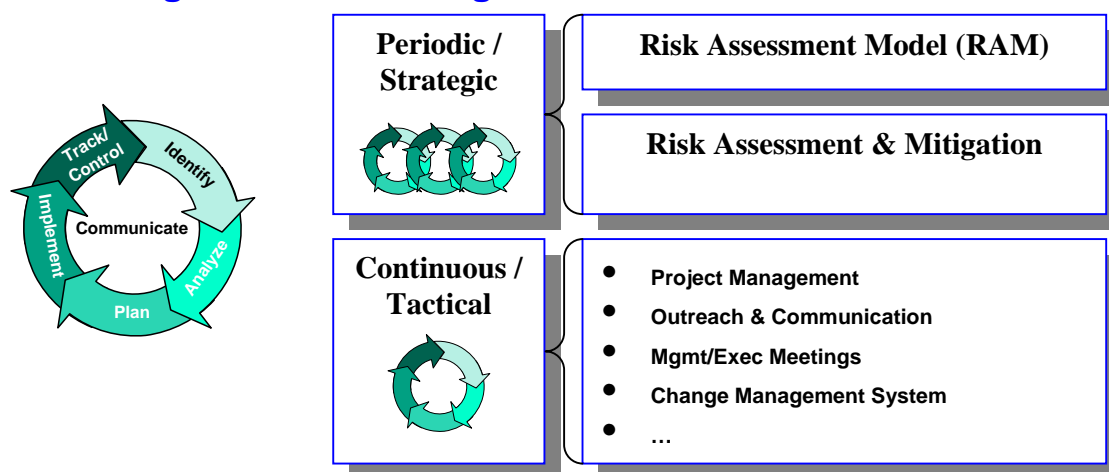


The Software Engineering Institute (SEI) has advanced the art of risk management on many fronts. One of the methodologies that SEI employs utilizes a *Risk Taxonomy* concept. This concept has been translated into use on another large DHS project, the MIS/DSS system implementation. This practical translation of an industry best practice is appropriate for application to the OHC HIPAA Compliance Program.

The model for implementing this risk management process is simply stated in SEI's risk management life cycle. This SEI risk management life cycle and an integrated risk management model are illustrated in Figure 27. This model illustrates that many of the daily tasks on a project serve as risk management processes, allowing for identification and control of issues.

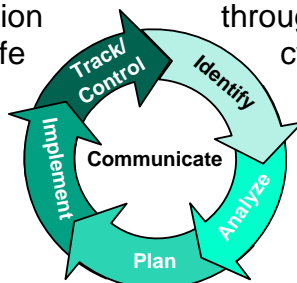
Figure 27 also illustrates the concepts of "Periodic" or "Strategic" risk management processes. The next section speaks to how this lifecycle is practically applied in the HIPAA Compliance Program, from the program office to the *E2E* projects.

**Figure 27: Integrated Risk Management**



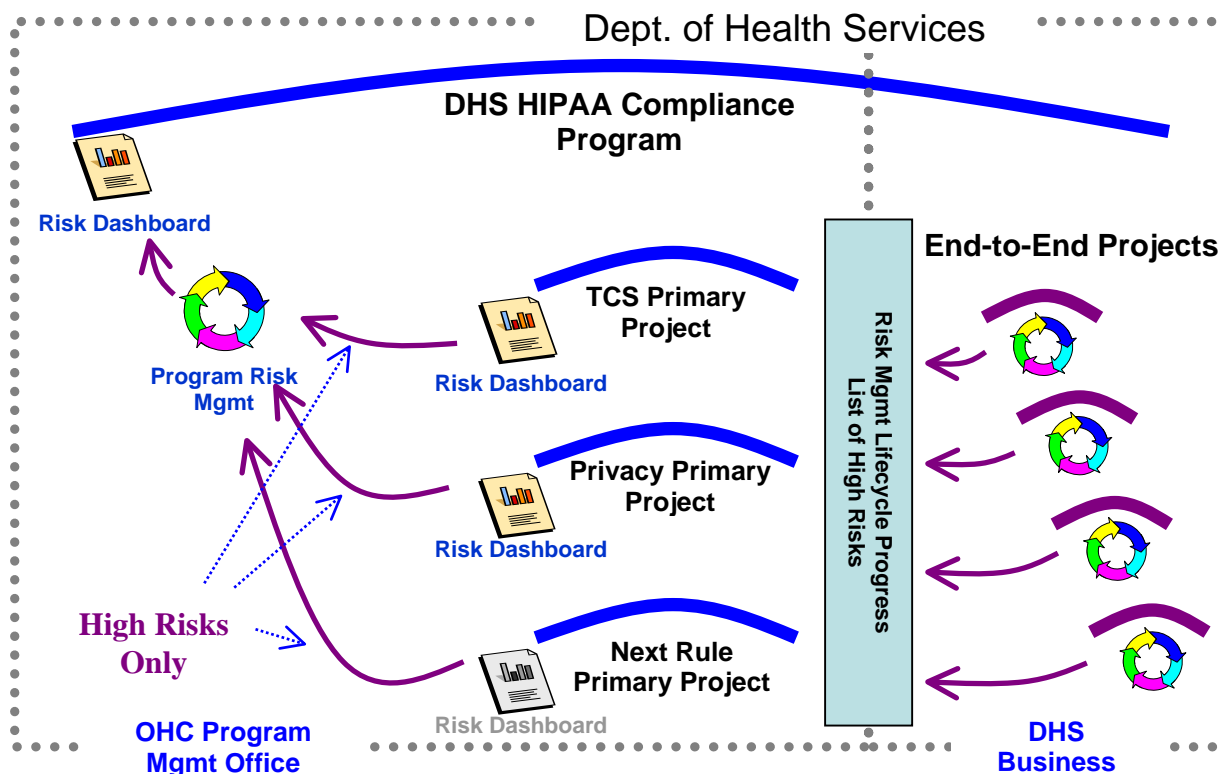
## Operational Model

Figure 28 illustrates the OHC risk management life cycle model. This model indicates that the process is iterative and that it is supported by effective communication throughout the life cycle. The application of these life cycle steps is described further in the sections below.



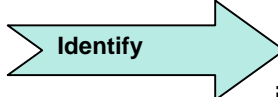
This process of distributed risk management and reporting is illustrated in Figure 29. OHC performs “Periodic” risk management within the Program Management Office for each Phase of its life (e.g., Phase 3, 4 etc.).

**Figure 29: Risk Management Model**



Risk management for subordinate projects is allocated to each *E2E* project. This allocation allows the *E2E* project manager to have localized control over risk management. Each *Primary* Project Manager passes all “high” level risks from *E2E* projects as inputs to the identification step in risk management at OHC.


OHC, through the *Primary* Project Managers (e.g., Transactions, Code Sets, Privacy), monitors the progress of risk management by reviewing a risk management milestone dashboard report. This report indicates performance to the five phases of risk management, from *Identify* to *Track & Control*, for each of the “high” level risks identified for an *E2E* project. This process allows risks to be added during the life of an *E2E* project as needed.

 The *Identification* phase is intended to be broad reaching in its ability to traverse key members of the organization or project as well as key business or technical functions. OHC will provide an input tool (e.g., a risk input form) with simple instructions that describe the outreach process and the information required. This tool is supported by a “taxonomy” or list of HIPAA compliance project risk considerations to seed contributors and focus risk inputs.

If appropriate, inputs from a RAM assessment can also be added as additional raw response data.

This process is fully supported by anonymous and e-mail input vehicles. The goal is to get open and sincere inputs without fear of retribution and with clear understanding of its value to project or organizational success. This process typically requires a few broad outreach speaking engagements to walk through the process and obtain commitment. If appropriate, inputs from a RAM assessment can also be added as additional raw response data.

This process can be facilitated by risk management resources from OHC or it can be performed by the executing manager (e.g., *E2E* project manager). The facilitative aids also indicate the level of resource involvement expected of all that participate. This process is tailored to take less than an hour from all who participate. These estimates are critical to acceptance and feasibility of this process.

 The *Analysis* phase is intended to be a period in which the raw risk input is distilled into natural aggregations, which will be called “risks”. For example, many raw risk inputs could distill to a risk labeled “Project Communication”. The raw inputs are saved for reference but the Risk Manager (e.g., Project Manager in disguise) has distilled a short list of “Risks” as the inputs to the next analysis step.

The next analysis step is involves use of key project or organizational groups (e.g., 3-6 typically) who independently rank prioritize the “risks”



based on their interpretation of potential impact. This process intentionally avoids the use of probability assignments and threat or loss valuations, since organizations such as DHS often get mired in that work and risk management grinds to a halt.

The independent forced rankings of the risks are mathematically averaged and summary charts are prepared. These charts support a meeting of the ranking group leaders (e.g., typically lead managers). In this meeting final adjustments are made to the overall rank order of the risks. The group then decides, with guidance, where to draw two lines to stratify the risks into three categories... High, Mid, Low. This should result in no more than 5-10 "High" risks.

This stratification allows the group to agree on where limited risk management resources will be focused. Only the "High" category will receive direct mitigation attention. This process purposely alphabetizes the "High" risks to illustrate no priority or order of importance. This lack of prioritization is essential to a timely and effective group agreement.

All other risks can be pushed into the issue management system if appropriate. These other risks are kept visible for any subsequent risk management cycles. Each *E2E* project manager will execute an abbreviated form of the risk management as each phase of the project begins, to allow for updates to the risk profile. OHC will execute this process once during each Phase (e.g., annually).



The *Plan* phase focuses on defining a mitigation strategy for the "High" risks. It is probable that more than one mitigation is required to address the risk. The focus in this stage is on reasonable and typically simple steps that can yield a reasonable positive mitigation impact on the risk. Strategies have various owners assigned, based on the nature of the risk and the nature of the mitigation.

Mitigation owners are required to define mitigation tasks, measures of success, and dates of performance.

If more detailed mitigation strategies are required due to the nature of the risk or the potential impact, OHC is prepared to more formally facilitate the mitigation development process. This formal process uses a mitigation mapping technique that provides visibility to complete coverage of risk roots.

Once mitigations have been assigned, the owners are required to define mitigation tasks, measures of success, and dates of performance. The *E2E* Project Manager will manage the completion of these tasks as they would any of the completion *Stones*.

**Implement** → The Implementation process is simply the execution phase of the mitigation strategy. Those who have responsibility for executing each mitigation task will execute to their goals during this process.

**Track & Control** → The *Track & Control* phase is simply the management to mitigation goals and to the overall risk management process completion goals. For *E2E* projects, the *E2E* Project Manager will manage to the completion goals established in each mitigation plan. At the OHC Program Office, the Risk Manager will manage to the completion goals established in each OHC mitigation plan.

**Communicate** → OHC has provided centralized communication management to facilitate communication on all program management fronts, including risk management. However, it is the responsibility of everyone participating in OHC's HIPAA compliance efforts to send appropriate information, assure the receiver understands that information, and confirm received information back to its sender. These actions will help assure effective communications.

### Life Cycle Responsibilities

The following table illustrates which OHC functional unit is primarily responsible for attending to each element of the Risk Management life cycle.

**Table 13: Primary Responsibilities for Risk Management**

Life Cycle Element	Responsible OHC Functional Unit
Identify	Project Managers
Analyze	Monitor & Control
Plan	Monitor & Control
Implement	Project Managers
Track & Control	Monitor & Control
Communicate	Monitor & Control

## Revision History

The following table illustrates the revision history of this Program Management Plan.

Date	Filename	Change Summary	Change Owner
January 17, 2003	OHC PM Plan 200301 Final	Update PM Plan to reflect the current Operations of OHC	Julie Dittman for Michelle Marks
May 15, 2002	Draft OHC PM Plan 051502	Draft of all knowledge areas; More detail in Financial forecasting, Work Forecasting; and Procurement Planning; Tailored to suit needs of oversight agency review of draft	Steve Ruhnau for Judy Gelein
May 3, 2002	Draft OHC PM Plan 050302	Continue with Knowledge Areas; <i>Primary</i> Project Strategies and work integration	Steve Ruhnau for Judy Gelein
March 28, 2002	Draft OHC PM Plan 032802	Revision of Summary Sections; Start on remaining Knowledge Areas; <i>Primary</i> Plan component work	Steve Ruhnau for Judy Gelein
February 25, 2002	Draft OHC PM Plan 022502	Completion of Risk Mgmt thread	Steve Ruhnau for Judy Gelein
January 31, 2002	Draft OHC PM Plan 013102	Program Mgmt Strategy and Plan Prototype	Steve Ruhnau for Judy Gelein

# **Appendices**

**Appendix 1 – DHS Organization and Impact**

**Appendix 2 – DHS HIPAA Position Paper Impact**

**Appendix 3 – OHC Organization Chart**

**Appendix 4 – DHS HIPAA Funded State Positions**

**Appendix 5 – Issue / Change Management  
Procedures**

**Appendix 6 – Milestone Detail Example**

**Appendix 7 – Initial Stakeholder Analysis**